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## CONTENTS

### *PART I: CO-OPERATION AND ASSOCIATION.*

#### BELGIUM.

1. PROFESSIONAL UNIONS IN BELGIUM . . . . .	<i>Page</i>
§ 1. Fundamental Principles of the Law of March 31st., 1898 on Professional Unions, page 1. — § 2. Professional Unions Legally Constituted in the Period 1898-1910, page 3. — § 3. Revenue and Expenditure of the Professional Unions, page 6. — § 4. Purchase and Sale Business of the Professional Unions, page 8. — § 5. Federations of Professional Unions, page 9.	
2. THE CO-OPERATIVE SOCIETIES IN 1913. . . . .	<i>Page</i> 10
§ 1. General Principles of the Law on Co-operative Societies, page 10 — § 2. Some Particulars of the Co-operative Movement in 1913, page 11.	

#### SPAIN.

VILLARREAL FARMERS' COMMUNITY, A TYPICAL EXAMPLE OF FARMERS' COMMUN- ITIES . . . . .	<i>Page</i> 13
§ 1. Character and Aims of the Farmers' Communities, page 13. — § 2. Villarreal Farmers' Community and its Work, page 15.	

#### UNITED STATES.

MISCELLANEOUS NEWS . . . . .	<i>Page</i> 19
1. Credit Unions in Massachusetts in 1913, page 19. — 2. The National Grange and the Question of Credit for Farmers, page 22. — 3. Co-operative Mortgage Banks in Wisconsin, page 23. — 4. The Rural Organization Service of the Department of Agriculture, page 24.	

#### HUNGARY.

HUNGARIAN WINE SOCIETIES, by Dr. J. DRUCKER, <i>Manager of the National Association of Hungarian Viticultrists</i> . . . . .	<i>Page</i> 27
Appendix . . . . .	<i>Page</i> 30

## PORTUGAL.

MISCELLANEOUS NEWS . . . . .	Page
1. Bill for the Foundation of People's Banks, page 38. — 2. A Bill on Professional Associations, page 39	

## RUSSIA.

MISCELLANEOUS NEWS . . . . .	Page
1. Union of Siberian Dairy Artells, page 41. — 2. Material Support afforded by the Russian Government to the Popular Credit Institutions, page 44. — 3. Development of Co-operative Credit Societies in Russia at the End of January 1st., 1914, page 47	

NOTICES OF SOME RECENT PUBLICATIONS RELATING TO CO-OPERATION AND ASSOCIATION . . . . .	Page
--	------

## PART II : INSURANCE AND THRIFT.

## GERMANY.

THE BAVARIAN HAIL INSURANCE INSTITUTE, by Dr. GIUSEPPE ROCCA . . . . .	Page
§ 1. Origin of the Law of February 13th., 1884, founding the Insurance Institute, page 51. — § 2. Administrative and Technical Organization of the Institute, page 56.	

## BELGIUM

1. MUTUAL AGRICULTURAL ACCIDENT INSURANCE SOCIETIES . . . . .	Page
§ 1. Notes on the Organization of Insurance against Accidents in Work, page 73. — § 2. The "Caisse Commune d'Assurance des Cultivateurs Belges" and the "Assurance agricole" in 1913, page 74.	
2. — MISCELLANEOUS NEWS . . . . .	Page
1. Fully constituted Mutual Aid Societies on December 31st., 1913, page 76.	

NOTICES OF SOME RECENT PUBLICATIONS RELATING TO INSURANCE AND THRIFT . . . . .	Page
--	------

## CONTENTS

### PART III : CREDIT.

#### GERMANY.

CONSOLIDATION OF LANDED PROPERTY ( <i>Besitzfestigung</i> ) IN PRUSSIA BY THE ACTION OF THE STATE . . . . .	Page	83
§ 1. The Problem of Dismortgaging Landed Property, page 84. — § 2. Object of the Consolidation of Landed Property and the Proceedings for its Practical Realisation, page 86. — § 3. Results of the Besitzfestigung up to the Present, page 61.		

#### OTTOMAN EMPIRE.

RECENT REFORMS RELATING TO REAL ESTATE OF OTTOMAN SUBJECTS AND FOREIGNERS . . . . .	Page	90
§ 1. Law on the Mode of Inheritance of Emiric Land and Wakouf, page 90. — § 2. Law Granting Incorporated Bodies the Right to Possess Real Estate, page 98. — § 3. Provisional Law on Mortgages on Real Estate, page 99.		

#### FRANCE.

AGRICULTURAL CREDIT IN THE FRENCH COLONIES, by M. LOUIS TARDY, <i>Assistant Delegate to the Agricultural Service of the Musée Social</i> . . . . .	Page	101
§ 1. Algeria, page 101. — § 2. Tunis, page 104. — § 3. The Colonial Banks, page 104. — § 4. Agricultural Credit Legislation in the Various Colonies, page 106. — § 5. Recu- tion, page 106. — § 6. Martinique, page 108. — § 7. Guadeloupe, page 109. — § 8. New Caledonia, page 110. — § 9. Madagascar, page 111. — § 10. Indo-China, page 111. — § 11. Conclusion, page 112.		
MISCELLANEOUS NEWS . . . . .	Page	113
1. Agricultural Credit and Deposits, page 113. — 2. Credit for Purchase of Small Holdings, page 114.		
NOTICES OF SOME RECENT PUBLICATIONS RELATING TO CREDIT . . . . .	Page	111

*PART IV: MISCELLANEOUS.*

## ARGENTINA.

THE HIGH FOOD COST IN ARGENTINA AND THE WORK OF THE CO-OPERATIVE SOCIETIES . . . . .	<i>Page</i> 1
--	---------------

## JAPAN.

HOME COLONISATION . . . . .	<i>Page</i> 1
Part II. Home Colonisation in Hokkaido: § 1. General Historical Remarks, page 129. — § 2. The Kōtakushi Office (Colonial Department), page 131. — § 3. The Administration of the Government of Hokkaido (Hokkaido-Chō), page 135. — § 4. Results of the Home Colonisation of Hokkaido, page 140.	

## NORWAY.

NATURAL CONDITIONS OF NORWAY IN RELATION TO ITS AGRICULTURAL ORGANISATION . . . . .	<i>Page</i> 1.
§ 1. Natural Conditions, page 145. — § 2. Large and Small Holdings, page 147. — § 3. Preservation of Small Holdings: Principle of Undivided Transfer and the Right of Redemption of the Homestead, page 149. — § 4. The Conditions of Environment in respect to the Agricultural Associations and Co-operative Societies, page 157. — § 5. Pastoral Nomads, page 152.	

NOTICES OF SOME RECENT PUBLICATIONS RELATING TO AGRICULTURAL ECONOMY IN GENERAL . . . . .	<i>Page</i> 15
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# Part I: Co-operation and Association

## BELGIUM.

### I. PROFESSIONAL UNIONS IN BELGIUM.

#### OFFICIAL SOURCES:

LAW OF MARCH 31ST., 1898 ON PROFESSIONAL UNIONS. *Moniteur*, April 8th.

RAFFORT RELATIF À L'EXECUTION DE LA LOI DU 31 MARS 1898 SUR LES UNIONS PROFESSIONNELLES pendant les années 1908-1910 présenté aux Chambres législatives par M. le Ministre de l'Industrie et du Travail, Royaume de Belgique, Ministère de l'Industrie et du Travail, Office de l'Assurance et de la Prévoyance sociales (*Report on the Application of the Law of March 31st., 1898 on Professional Unions for the Years 1908-1910, presented to the Legislative Chambers by the Minister of Industry and Labour. Office of Social Insurance and Thrift*). Brussels, Dewit, 1914.

#### OTHER SOURCES:

A. VERMEERSCH (S. J.), and A. MÜLLER (S. J.): *La législation et les œuvres en Belgique (Legislation and Social Works in Belgium)*. Louvain, Uystpruyst, 1909.

#### § I. FUNDAMENTAL PRINCIPLES OF THE LAW OF MARCH 31ST., 1898 ON PROFESSIONAL UNIONS.

In Belgium there are two principal types of society, namely: societies for the defence of professional interests (professional unions) and societies with more strictly economic objects (co-operative and mutual societies). Both these classes of society have made considerable progress in the country, owing not merely to the spirit of association animating the people, but also to the enlightened action of the Government which has encouraged their foundation in every way.

A report on the professional unions has been presented to Parliament by M. Hubert, Minister of Industry and Labour, and enables us to follow their development in recent years.

According to the law of March 31st., 1898, the Belgian professional union is an association formed "exclusively for the study, the defence and the development of professional interests, among persons engaged in industry, commerce, agriculture or the liberal professions, either of the same

or kindred professions or of the same or kindred trades, contributing to the manufacture of the same products". But it cannot itself exercise a profession or a trade. It is further absolutely forbidden to conduct commercial operations or to possess shares (*parts* or *actions*) in a co-operative society. That is to say, the law had no intention of creating a new type of commercial society nor to allow the union to receive all the benefit of the members' work or to compete against them.

The union, however, on condition that it makes no profit, is authorized to conduct certain definite operations such as it judges may promote the trade and industry of the associates. The law has specified these, declaring that they are in no case to be considered as commercial acts and enjoining that the accounts be kept separate. The following is the list, almost as given in the law: (a) purchase and sale of articles required for the work of the laboratories and for the apprentices belonging to the union, (b) purchase, for resale to members of articles, required in the exercise of their profession (c) purchase of livestock, machinery and implements intended to remain the property of the union and serve for its members in the exercise of their profession. The union may also register and own trade marks, always for the advantage of its members and without deriving any profit from them.

It is forbidden to organize mutual aid and pension societies, as it is not desired that it should substitute other organizations already instituted for the purpose by law. It is, however, allowed to found societies for assisting the unemployed.

The union must have at least seven full members, and the law allows it to have honorary members, who may be extraneous to the profession.

TABLE I. — *Unions Legally Recognised* :

Classes of Unions	1898		1899		1900		1901		%
	Recognised Unions	Full Members							
Farmers' . . . . .	6	846	82	4,513	92	5,629	124	7,163	100
Workmen's . . . . .	1	21	5	1,957	8	579	4	445	—
Employers' . . . . .	—	—	1	6	3	68	2	114	—
Mixed . . . . .	—	—	—	—	—	—	1	235	—
Clerks' . . . . .	—	—	3	236	—	—	1	145	—
Professionalists' . . . . .	1	54	10	283	3	953	2	1,78	—
Tradesmen's . . . . .	—	—	—	—	—	—	—	—	—
Miscellaneous . . . . .	1	14	2	65	2	43	1	—	—
Total . . . . .	9	935	103	7,060	108	7,272	134	8,310	176

provided their numbers do not exceed the fourth of that of the full members. The members may withdraw from the society when they please.

After ten days from the publication of the rules in the Official Journal, the union acquires civil personality, and consequently has definite rights and obligations.

Among its rights are the power to sue at law, to possess real and even personal estate, and to receive donations and legacies; amongst its obligations are those of sending the "Ratification Commission" its annual report and the list of the members of its board of management and council of supervision, and of paying the State an annual tax of 4% on the revenue from the property of the union as shown in the cadastral.

The law of 1898 also contemplates the formation of federations with civil personality like the unions. Let us now see the results attained by the law.

## § 2. PROFESSIONAL UNIONS LEGALLY CONSTITUTED IN THE PERIOD 1808-1910.

To judge of the results obtained by the law of 1898 we must first of all consider the number and kind of unions formed from the date of the coming into force of the law up to a few years ago.

There are eight principal classes of union: employers' unions, workmen's unions, mixed (employers' and employees') unions, farmers' unions, clerks' unions, professionals' unions, tradesmen's unions, and miscellaneous unions.

The following table shows the number of unions of each class founded between 1898 and 1910, with the number of their full members:

1898-1910 with Number of Full Members.

3	1904	1905	1906	1907	1908	1909	1910
Members	Recognised Unions	Full Members	Recognised Unions	Full Members	Recognised Unions	Full Members	Recognised Unions
6,950	134	9,838 <sup>1</sup>	100	6,849	199	11,019	293
1,680	27	1,299	40	2,189	49	3,191	127
—	1	32	1	66	5	269	4
10	2	60	1	34	4	307	3
159	1	15	1	29	—	—	3
324	1	44	5	300	8	2,914	4
39	3	112	1	47	—	—	6
193	1	10	—	3	1,020	—	506
9,355	170	11,410 <sup>1</sup>	149	9,508	268	19,320 <sup>1</sup>	434
						20,321 <sup>1</sup>	319
						16,974	282
						11,571	283
						14,153	—

As we see from this table, most of the unions recognised in the period under consideration are farmers' and workmen's unions, the largest number in each of these cases was recognised in 1907.

In 1910, 64 % of the total number of unions recognised in the year were farmers' unions and their full members formed 68 % of the total number of members in these unions.

There are seven kinds of farmers' unions: unions for general purposes, livestock improvers' unions, poultry improvement unions, bee-keepers' unions, horticulturists' unions, dairy unions, and viticulturists' unions. In 1910 the unions that requested and obtained legal recognition in largest numbers were those for general purposes and those for livestock improvement, the first being 53 % and the second 35 % of the total number of farmers' unions recognised.

The workmen's unions take the second place in importance among the unions recognised in the period 1898-1910. They are formed among the most varied classes, engaged in building, metal work, mining, pottery manufacture, transport etc.

As we have seen the unions recognised each year from 1898 to 1910, it will be well to know the number in each class at the end of each triennial period:

TABLE II. -- *Unions at the End of Every Third Year between 1899 and 1910.*

Classes of Unions	1899		1901		1904		1907		1910	
	Number of Unions	Percentage of Total								
Farmers' . . . . .	88	78.57	304	85.88	738	86.52	1,270	77.58	1,738	72.20
Professionals' . . . . .	11	9.82	16	4.52	17	1.99	31	1.89	59	2.45
Workmen's . . . . .	6	5.36	18	5.08	70	8.21	281	17.16	512	21.20
Clerks' . . . . .	3	2.68	4	1.13	4	0.47	9	0.56	20	0.83
Miscellaneous . . . . .	3	2.68	5	1.41	5	0.58	7	0.43	9	0.37
Employers' . . . . .	1	0.89	6	1.70	8	0.93	19	1.16	36	1.49
Mixed. . . . .	—	—	1	0.28	4	0.47	12	0.73	11	0.46
Tradesmen's . . . . .	—	—	—	—	7	0.83	8	0.49	22	0.91
Total . . . . .	112	100	354	100	853	100	1,637	100	2,407	100

For each of the three years we give below the number of full members in each class of union:

## PROFESSIONAL UNIONS

TABLE III.—Number of Full Members for Each Class of Union.

Class of Union	1901			1904			1907			1910		
	Full Members	Total Number of Full Members	Percentage of age of Class of Union	Full Members	Total Number of Full Members	Percentage of age of Class of Union	Full Members	Total Number of Full Members	Percentage of age of Class of Union	Full Members	Total Number of Full Members	Percentage of age of Class of Union
Farmers' . . . . .	20,167	75,02	Farmers' . . . . .	43,513	80,23	Farmers' . . . . .	78,225	72,76	Farmers' . . . . .	104,512	71,12	Farmers' . . . . .
Workmen's . . . . .	4,223	15,71	Workmen's . . . . .	7,131	13,15	Workmen's . . . . .	19,456	18,10	Workmen's . . . . .	26,288	17,95	Workmen's . . . . .
Professionists' . . . . .	1,480	5,51	Professionists' . . . . .	2,141	3,95	Professionists' . . . . .	6,452	6,00	Professionists' . . . . .	10,763	7,32	Professionists' . . . . .
Clerks' . . . . .	3,59	1,34	Mixed . . . . .	367	0,67	Employers' . . . . .	1,121	1,04	Employers' . . . . .	1,432	0,97	Clerks' . . . . .
Mixed . . . . .	235	0,87	Miscellaneous . . . . .	365	0,68	Miscellaneous . . . . .	964	0,80	Clerks' . . . . .	1,150	0,78	Mixed . . . . .
Employers' . . . . .	234	0,87	Employers' . . . . .	318	0,59	Mixed . . . . .	805	0,74	Tradesmen's . . . . .	1,081	0,74	Employers' . . . . .
Miscellaneous . . . . .	183	0,68	Clerks' . . . . .	223	0,41	Clerks' . . . . .	277	0,25	Miscellaneous . . . . .	828	0,56	Miscellaneous . . . . .
Tradesmen's . . . . .	176	0,32	Tradesmen's . . . . .	176	0,32	Mixed . . . . .	239	0,22	Mixed . . . . .	749	0,51	Tradesmen's . . . . .

Except in the case of the miscellaneous and mixed unions, the number of full members continually increases in each class, but in the case of the professionals', the clerks' and tradesmen's unions this increase is comparatively less appreciable.

Finally, it is to be observed that between the date of the coming into force of the law and the year 1910, 251 unions were dissolved.

#### § 3. REVENUE AND EXPENDITURE OF THE PROFESSIONAL UNIONS.

To form an idea of the importance of the professional unions, it is well also to consider their receipts and expenditure. The receipts in the case of all the unions rose from 1,225 francs in 1898 to 1,429,973.12 frs. in 1910, distributed as follows:

		Total Amount of Receipts	Average per Union
Farmers' Unions	fr.	680,674.61	391.64
Workmen's "	"	311,052.23	607.52
Mixed "	"	108,458.41	18,041.67
Professionals' "	"	170,509.94	2,880.60
Tradesmen's "	"	26,627.77	1,210.35
Employers' "	"	21,604.74	602.63
Miscellaneous "	"	13,612.42	1,512.49

The principal class of receipts is made up of the contributions paid up on shares by the full members, in 1910 amounting to 515,922 frs.

These contributions vary much: from a minimum of 0.25 fr. per member up to 20 fr. or even more. The average amount varies in the employers' unions from 4 to 6 frs., in the workmen's from 7 to 13 frs., in the professionals' from 4 to 6 frs.; and in the farmers' from 0.25 fr. to 1. fr.

In the workmen's unions, two characteristic classes of receipts consist of contributions for assistance in case of compulsory unemployment, and for cases of strike and lock out. Both show a considerable increase in recent years, the first from 9,306 fr. in 1907 to 25,279 fr. in 1910, the second from 4,633 fr. in 1907 to 13,493 fr. in 1910.

In order to obtain the funds necessary for their work, the unions also contract loans. In 1910, 66 unions borrowed to the amount of 114,898 frs.

Another special class of revenue is represented by the subsidies the authorities grant the unions to encourage their work. In 1910 the amount of these subsidies was 142,752 frs. or about a tenth part of the total receipts of the unions.

The greater part of this sum (81.66 % in 1910) is granted to the farmers' unions, which use it for the purchase of machinery for their members, the or-

ganization of shows and experimental farms, and the purchase and maintenance of good breeding stock.

The workmen's unions, also receive grants from the State, especially at the moment of their foundation.

To these must be added contributions to the unemployment fund, a form of thrift which has made some progress in Belgium. The professional unions, that, availing themselves of the powers conferred on them by the law, had started such funds, were 190 in 1910, as against 57 in 1907. The contributions made to them by the public authorities amounted that year to 25,759 frs.

Another important group of receipts is made up of amounts derived from donations, bequests, subscriptions to the societies' reviews and the sale of their publications, altogether in 1910 reaching the figure of 309,145 frs.

Against the total receipts, amounting as we have seen to 1,429,973 frs. in 1910, there was a total expenditure, amounting, in the same year 1,390,763 frs. (an average of 577.79 fr. per union), distributed as follows:

		Total Amount of Expenditure	Average Amount per Union
Farmers' Unions	fr.	684,409.32	393.79
Workmen's "	"	263,712.24	515.63
Mixed "	"	203,614.12	18,510.37
Professionists' "	"	175,891.60	2,981.21
Tradesmen's "	"	22,766.00	1,034.81
Employers' "	"	21,069.06	585.25
Miscellaneous "	"	13,748.78	1,527.64
Clerks'	"	5,551.88	277.50

The classes therefore, with the largest expenditure are the farmers', workmen's, mixed and professionals' unions. In 1910 the expenditure of the farmers' unions was 49.22% of the total expenditure. On an average, the yearly expenditure of the workmen's unions is one fifth of the total expenditure of the unions.

In the workmen's unions, the allowances granted in cases of compulsory unemployment are a very important item of their expenditure. They rose from 32,005.35 frs. in 1907 to 100,556.80 fr. in 1908, to fall again in 1910 to 76,210.65 fr. The number of days for which unemployment allowances in 1910 were granted was 55,517.

These unions also grant unemployed members small amounts to enable them to go to seek work elsewhere.

On the other hand, the allowances granted in cases of strike and lock out in 1910 only amounted to 32,572 frs.

Another item of expenditure is that for transport, loading and analysis of goods purchased by the members, amounting in all in 1910 to 87,815 frs.

Next come the expenses of the unions in their purchase and sale of articles and goods, which we shall consider in a separate section, as well as the working expenses and contributions to the Federations, respectively amounting in 1910 to 142,389 fr. and 82,276 frs.

The accounts for all the unions were closed on December 31st., 1910 with a credit balance of 1,524,929 fr. (an average of 633.53 fr. per union).

At the end of the same year the capital in cash and invested in securities amounted, for all the unions, to 825,980 fr. (an average of 343.15 fr. per union).

#### § 4. PURCHASE AND SALE BUSINESS OF THE PROFESSIONAL UNIONS.

As we saw, the professional unions, by art. 2. of the law of March 31st. 1898, may purchase seeds, manure, livestock, machinery and whatever else is necessary for the exercise of the profession of the members, in order to resell to their members. To what extent they have availed themselves of this right we see from the following figures for periods of two years:

Year	Number of Unions making Purchases	Articles Annually Acquired		
		Total Amount	Average Amount per Union	
1899 . . . . .	45	452,566.85	10,057.04	
1901 . . . . .	152	2,375,183.05	15,626.20	
1903 . . . . .	265	4,108,381.95	15,503.32	
1905 . . . . .	289	5,128,420.61	17,745.40	
1907 . . . . .	373	5,586,497.95	17,658.17	
1909 . . . . .	418	8,204,630.79	19,628.30	
1910 . . . . .	434	7,931,523.04	18,275.39	

It is interesting to note that in each year almost all the purchases (95 %) are made by the farmers' unions.

The unions may also purchase the produce of the profession or trade of their members to sell again to third parties. The amount of produce so bought increased from 289,556 frs. in 1908 to 374,045 frs. in 1910. Operations of this kind were conducted by the farmers' unions exclusively.

Finally, the unions are authorized to acquire, for their own account, livestock, machinery and implements to serve for the use of their members, on hire or otherwise. In this way, in 1910 an amount of 111,812 frs. was spent (36,016 fr. in 1899), and 99.62 % of this represents purchases made by farmers' unions. The value of the articles bought for this end by the unions and remaining in their possession in 1910 amounted to 515,090 fr. against 29,579 fr. in 1899.

## § 5. FEDERATIONS OF PROFESSIONAL UNIONS.

The number of federations of professional unions has also increased ; in 1907, the year of the last official report, there were 26 legally recognised federations ; in 1910 there were 57, 42 being federations of farmer's unions, 13 federations of workmen's unions and 2 federations of professionists' unions.

The receipts of the federations (subsidies, contributions on shares etc.) amounted in 1910 to 199,303 frs., the working and other expenses to 187,812 frs. and the credit balance to 41,563 frs.

\* \* \*

The progress made in the field of professional association, revealed in the above figures, is largely due, as before said, to assistance and encouragement on the part of the State. It will be enough to mention in this connection, that every workmen's or clerks' union receives a grant of 125 frs. towards its initial establishment and since 1908 an annual grant is made to those unions the books of which are found by the superior authority to be in order.

The unions, that supply the Government with information in regard to their members and the organization of their work, receive an amount varying according to circumstances, from two to twenty francs.

The State gives grants for purposes of propaganda to those institutions that, by means of lectures, promote the foundation of professional unions of workmen and clerks, in conformity with the law of March 31st., 1898. The amounts placed on the estimates for the Department of Industry and Labour for the encouragement of workmen's unions have been raised from 10,000 frs. in 1907 to 30,000 frs. in 1910. Finally, the farmers' legally recognised unions receive grants from the Agricultural Department for the purchase of improved implements, for the use of members, as well as for the organization of shows and competitions.

Nor have there been wanting cases of private endowments of professional unions : in 1908 a professionists' union received a donation of 25,000 frs.

## 2 THE CO-OPERATIVE SOCIETIES IN 1913.

## SOURCES:

LAW OF MAY 18TH., 1873, ON THE COMMERCIAL SOCIETIES, AMENDED BY LAWS OF MAY 22ND., 1886 AND MAY 25TH., 1913.  
LES SOCIÉTÉS COOPÉRATIVES EN 1913. (*The Co-operative Societies in 1913*). In "Revue du Travail", published by the Belgian Labour Office (*Office du Travail de Belgique*), Department of Industry and Labour, No. 6, March 31st., 1914.

## § I. GENERAL PRINCIPLES OF THE LAW ON CO-OPERATIVE SOCIETIES.

In the preceding article, we have dealt amply with the Belgian professional unions, showing the fundamental principles of the law of March 31st., 1898, which regulates their organization and examining their action for the defence and development of the professional interests of their members in its various forms.

We saw how, thanks to the encouragement and assistance given by the State, the unions have rapidly increased in number, so that they were at the end of 1913, 3,457 (112 in 1899), 2,357 being agricultural unions.

The increase in number of the co-operative societies is worthy of comparison with that of the professional unions.

The Belgian co-operative societies are regulated by the law of May 18th., 1873 on commercial societies, amended by the laws of May 22nd., 1886 and May 25th., 1913.

As defined by this law, the co-operative society is one "with members whose numbers and contributions are variable and whose shares are not transferable". There must, however, be at least seven, with joint or several unlimited liability or with liability limited to a certain amount. The society is managed by one or more officers, who may or may not be members.

The deed of constitution, to be valid, must give: (a) the title and headquarters of the society; (b) the object of the society; (c) exact indication of the members; (d) the manner of forming the share capital and its minimum amount.

It may state: 1st., the term for which the society is founded, not to exceed 30 years; 2nd., the conditions of admission, withdrawal and expulsion of members; 3rd., the rights of members and the limits of their liability; 4th., the manner of distributing the profits and losses.

If these particulars are not given in the deed of constitution, the law provides as follows: 1st., the society is founded for a term of ten years;

nd., members may always withdraw ; they can only be expelled for breach of the rules ; the meeting of members decides with regard to admission and expulsion, and authorizes the refund of contributions ; 3rd., the society is managed by a manager and supervised by three commissioners ; 4th., all members have equal voting rights at the general meeting ; 5th., the profits and losses are divided every year among the members, half equally and half in proportion to their contributions ; 6th., the members are all jointly and severally liable.

The law also makes various provisions in the interest of outsiders. Indeed, every year the manager of the society must take stock of all the real and personal estate and all the assets and liabilities of the society.

He must further make out the balance sheet and the profit and loss accounts. The balance sheet must be deposited, within a fortnight from date of its approval, in the court of the locality in which the society has its headquarters. There must also be presented to the court every six months a list of the members, with indication of their profession. Finally, the managers must, within a week from the date of their appointment, lodge with the registrar of the court an extract of the act of their appointment.

Having thus shown the general principles of the law, we must now speak of the favours the State grants the societies.

In the first place, the law of July 2nd., 1875 grants special exemption from stamp and registration duty to the co-operative societies. Further, their acts are published free of charge in the Official Journal.

The State grants assistance to the agricultural co-operative credit societies as follows: 100 frs. as initial capital to the Raiffeisen banks and pecial subsidies to the central banks to assist them to pay the expenses of the inspection of the local banks. The Government also grants subventions to assist the federations of co-operative dairies to meet the expense of inspecting their affiliated societies ; these subventions are calculated at the rate of 25 frs. per dairy inspected. And, in addition, the State extends its action to the foundation of co-operative institutions, by the distribution of model rules and propaganda by means of pamphlets. Let us now give a glance at the progress of the societies in 1913.

## § 2. SOME PARTICULARS OF THE CO-OPERATIVE MOVEMENT IN 1913.

In 1913, 215 co-operative societies were founded in Belgium, as follows: agricultural societies, 56 ; distributive societies, 36 ; masters' societies for production, 23 ; workmen's societies for production, 4 ; societies for purchase of raw material, 17 ; insurance societies, 10 ; loan and savings societies, 10 ; dwelling house societies, 3 ; transport society, 1 ; miscellaneous societies, 55.

Among the agricultural societies there are 24 credit societies, 14 dairies, 11 societies for purchase or sale of agricultural produce etc.

Most of the distributive societies have for their object the purchase or sale of all articles of common use. Some, however, limit themselves to a single article; we thus find 9 breweries, 5 bakers' societies etc. The co-operative distributive societies have increased in number as follows: 1875, 5; 1885, 23; 1895, 190; 1905, 420; 1911, 466; 1913, 531.

The four workmen's societies for production, founded in 1913, are engaged respectively in the manufacture of hats, carriage fittings, cigars and wooden shoes.

Among the societies for the purchase of raw material may be mentioned three bakehouses, two barbers' societies, and some electricians' societies etc.

The province of Brabant shows the largest number of new societies (6). Then come the provinces of Hainaut (32), West Flanders (28) etc.

In the course of 1913, 36 societies were dissolved, 9 of them being agricultural societies. At the end of the year the number existing, exclusive of the agricultural societies, was 1,571, which were distributed as under:

*Co-operative Societies (exclusive of Agricultural Societies)  
at the end of Various Years.*

Provinces	1875	1885	1895	1905	1911	1913
Antwerp . . . . .	3	12	27	90	139	169
Brabant . . . . .	7	14	62	183	262	347
West Flanders . . . .	2	—	5	60	122	171
East Flanders . . . .	11	12	26	57	81	114
Hainaut . . . . .	7	14	78	176	222	268
Liège . . . . .	5	18	90	206	262	309
Limbourg . . . . .	—	1	2	8	18	31
Luxembourg . . . . .	—	—	1	32	44	68
Namur . . . . .	3	5	25	65	74	93
Total . . . . .	38	76	316	877	1,224	1,571

We have no information in regard to the rural co-operative societies, but we may say that they have largely contributed in Belgium as elsewhere to give an industrial character to agriculture and to procure for the small farmers the advantages that come from the employment of machinery and chemical manure and the application of scientific methods of cultivation.

## SPAIN.

### VILLARREAL FARMERS' COMMUNITY, A TYPICAL EXAMPLE OF FARMERS' COMMUNITIES.

#### SOURCES:

NOTA ENVIADE POR EL PRESIDENTE DE LA COMUNIDAD DE LABRADORES DE VILLARREAL AL INSTITUTO INTERNACIONAL DE AGRICULTURA, EN 12 DE MAYO DE 1910. (*Report Forwarded by the President of the Villarreal Farmers' Community to the International Institute of Agriculture, on May 12th., 1910*).

UNIDAD DE LABRADORES DE VILLARREAL (Memoria demostrativa de sus servicios de su labor agro-social, años 1899-1913) (*Villarreal Farmers' Community. Report Showing the Services rendered by it and its Work in the Agricultural and Social Sphere, 1899-1913*). Villarreal, F. Cabrería, Printer, 1914.

ORDENANZAS DE LA COMUNIDAD DE LABRADORES DE VILLARREAL. REGLAMENTO DEL SINDICATO DE POLICIA RURAL (*Orders of the Villarreal Farmers' Community. Regulations of the Rural Police Syndicate*). Valencia, J. Villa Serra, Printer, 1906.

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BANCO DE AHORROS DE VILLARREAL. ESTATUTOS DE ESTE BENÉFICO ESTABLECIMIENTO. (*Villarreal Savings' Bank. Rules of this Beneficent Establishment*). Villarreal, F. Cabrería, Printer, 1914.

BANCO DE AHORROS DE VILLARREAL. MEMORIA DE 1912. (*Villarreal Savings' Bank. Report for 1912*). Villarreal, F. Cabrería, Printer, 1913.

BANCO DE AHORROS DE VILLARREAL. MEMORIA DE 1911 (*Villarreal Savings' Bank. Report for 1911*). Villarreal, J. Villa Serra, Printer, 1912.

BREVES DE LA ASOCIACIОN GENERAL DE AGRICULTORES DE ESPAÑA (*Bulletins of the General Association of Spanish Farmers*).

#### §. I. CHARACTER AND AIMS OF THE FARMERS' COMMUNITIES.

The multiplicity of the duties entrusted to the Spanish municipal councils by the law on municipal administrations and other special laws, together with the constant increase in the requirements of modern life have prevented all their due importance being given to certain important services, such as that of rural police, for example.

The law of July 8th., 1898, was voted to remedy this defect of organisation of which the land owners and farmers generally complained bitterly. This law created the farmers' communities.

It represents for Spain the first step towards the agricultural ~~society~~ legislation of which the law of 1896 on agricultural syndicates is the expression (1).

The 1898 law authorizes the constitution of farmers' communities in the chief towns of provinces and in groups of habitations of more than 6,000 inhabitants, or even smaller groups on condition of their having an area of at least 5,000 hectares of cultivated land. These communities are associations formed by the landed proprietors of special regions for the protection of the rural holdings in those regions.

In order that they may be formed, the consent of the majority of the local landholders possessing at least half of the cultivated land must be obtained. A rural community once formed in a locality, only those landholders who do not avail themselves of its services and who have private guardians for their land can refuse to become members. Yet they must contribute to meet the requirements of the services by which they benefit, and, as members of the communities, make provision for the roads and the water supply.

The object of the Farmers' Communities is :

- (a) to provide for the protection of farms and agricultural produce;
- (b) to arrange for the opening of rural roads and for their maintenance;
- (c) to keep watercourses and dams in good condition;
- (d) and, generally, to make all provisions for the maintenance of public order and the supervision of the rural police service.

For the accomplishment of these ends, the communities may institute services of supervision and guardianship as they shall judge useful, oblige those concerned to keep the rural roads in good condition and clean the canals, and, finally, organise all the services of general character they consider desirable.

Each community must appoint a body of syndics and a court (*jurado*). The duty of the body of syndics is to represent the association and carry out its decisions. The *jurado* takes cognizance of all questions of *fact* in connection with the duties incumbent on the syndics and sentences those who break the rules to the payment of the fines due. The decisions of the *jurado* have executive force.

In addition to this, and outside of the original programme, the communities have another function, that of indirectly developing the spirit of association. Other groups are also frequently formed among their members with a programme of economic and social order (co-operative societies for credit, purchase and sale and mutual societies).

The total number of these institutions in Spain is about 80, to be found chiefly in the regions of Valencia, Extramadura and the two Castilles. In order to give an idea of the social work accomplished by the communities we shall examine the action of one of them which may be considered really as typical, the Villarreal Farmers' Community, which was granted the first

(1) See *the* number of this Bulletin for May, 1913.

size at the third show of the agricultural associations, organized in 1912 by the Spanish Farmers' Association.

#### § 2. VILLARREAL FARMERS' COMMUNITY AND ITS WORK.

The Villarreal Farmers' Community was founded in 1899, that is to say the year after the promulgation of the law we have mentioned; its object is that specified in the law. The province of Castellon, in which Villarreal is situated, is on the east coast of Spain, where the cultivation of citrus plants and market gardens prevails and where small and medium sized farms are most frequent.

The institution we are dealing with was formed by all the landowners of the locality. In 1899, that is to say at the date of its foundation, it had 1,081 members; now (1914) there are 4,750. The increase is due to the subdivision of holdings in consequence of sale, inheritance etc. All the landowners of Villarreal have always belonged to the Community.

The revenue of the association is derived solely from fines inflicted or breach of its rules. The expenditure, the amount of which is voted every year by the general assembly, is borne by the members in proportion to the area and class of land held by each. For the purposes of this distribution, the unit of area is the *hancada* of the country (8.31 ares) in the case of irrigated land, and the *jornal* (6 *hancadas* or 49.86 ares) for land not irrigated.

The contribution to meet the expenditure in 1899 was fixed at 0.48 pesetas per *hancada* of irrigated land or *jornal* of land not irrigated. This contribution has since been increased up to 0.95 pesetas in 1914, which is in itself evidence of the progress made by the Community.

The accounts for the year 1913 were closed with a balance of 48,633 pesetas. Of this, 27,703 pesetas were distributed among the staff, 10,408 pesetas were utilised for works and 1,882 pesetas for the purchase of material etc. and on December 31st. of the same year there remained 6,941 pesetas in hand.

Let us now examine the work of the various services of the Community.

1. *Guardianship of Rural Holdings.* — We have already said that this is the principal object of the farmers' communities. That of Villarreal has organized for the purpose a body of guards, at present consisting of 24 members under the orders of a head guard. The cost of the maintenance of this body was 19,810 pesetas last year (1913).

To give an idea of the importance of this rural police service, it will be enough to say that in 1899, the first working year of the Community, in only 10 months, 1,171 contraventions of the law on property were reported to the *jurado*. And its efficacy is evident when we see that in 1913, the number reported was no more than 300, a decrease, consequently, of 74 % in comparison with the first year.

2. *Opening and Maintenance of Country Roads.* — The Community has also given quite special attention to this work, which is of capital importance

for the producers. Thus, between 1899 and 1913 it bought 11,300 square metres of land for the widening of the country roads ; it made 5,985 metres of new roads, built a large number of walls for defence, made side culverts, bridges and drains, and restored their original breadth to almost all the roads of the irrigated region, where, with the lapse of time, abuses and encroachments had become numerous. In proof of the benevolent influence of the spirit of association we must note the disinterestedness of many landowners whose holdings border on the roads and who have, in the general interest, freely granted the land required for the widening of these roads.

The Community maintains in perfect order the 134 kms. of the 37 railways in its district, and is planning the construction of other railways which will greatly facilitate agricultural work in what was the dry region now in large part irrigated, as we shall see.

The maintenance of the rural roads is entrusted to permanent road labourers, but, in addition, under their orders, two carters and ten day labourers, on an average, are employed by the day, their number being increased when necessary. The total expenditure of the Community on the work of regulation and maintenance of the roads from 1899 to 1913 was 182,010 pesetas.

3. *Transformation of the Dry Region.* - If the work done by this institution in the protection of farms and the construction and maintenance of roads is important, not less so is that accomplished by its members in the transformation of the dry region.

In that region, of a very considerable area and largely consisting of land of little value, there were only a few carob trees, some vineyards and some plantations of olives.

The farmers, seeing that in the dry regions of the neighbouring provinces of Valencia and Alicante water had been found at a greater or less depth, thought they might find it also in their district, and, full of faith and enthusiasm, in 1901 they formed a small group among the members of the Community to undertake the sinking of wells in the neighbourhood.

The very encouraging results that rewarded the efforts of this group convinced all the farmers of the advisability of a work formerly considered impossible; and the transformation of the region was actively begun, as water was found at numerous points. For the purpose, among the members of the community, groups of farmers were formed and constituted societies, bored wells and bought machinery and thus converted this unhappy region of dry land into a verdant irrigated district.

In 1911 (1), 844 hectares of dry land had been irrigated, that is the fourth part of the area, and 38 wells of a depth of between 50 and 80 metres had been sunk. Of this number, 31 belong to societies and 7 to private owners. The total number of the landowners, members of these societies, is 1,830. Twenty-nine motors worked by steam, eight by unpurified gas and one by electricity have been installed, which all together can supply

(1) The most recent figures referring to the matter are for that year.

51,100 litres of water a minute. The work has cost the farmers 4,017,000 pesetas.

This transformation of the district has considerably increased its wealth, besides having had an educative value for the farmers who have had to work and support infinite privations to obtain the desired result; its importance is further increased when we remember that, of the holdings of the 1,830 landholders benefited, 1,189 were not more than half a hectare in area. Eleven other wells are now being sunk.

Some of the irrigation societies formed as we have seen unite to obtain electric power at a charge lower than they would have had to pay individually.

4. *Contribution to the Fight against the "Poll-roig".* — In 1908, the orange plantations of Villarreal were invaded to an extraordinary degree by the scale insect called the "poll-roig". As the farmers had not the means needed to combat this pest, the Community came to their assistance, it bought 18 spray diffusers and placed them at the disposal of its members charging a minimum price for maintenance. In this way, it has been possible to arrest the progress of the scourge. The plantations, the trees of which have been protected by means of spray diffusers between 1908 and 1913, cover a total area of 299 ha.

5. *Loan and Savings Bank.* — In this region, as in almost all the agricultural districts of Spain, usury used to make real ravages at certain periods of the year. Alarmed at this, the Community decided to found a loan and savings bank.

The greatest difficulty to be overcome was to find the necessary funds, but, by means of an active propaganda, 165 members of the Community were induced to subscribe shares of 25 pesetas each for a total amount of 8,625 pesetas. The Bank was thus definitely constituted in May, 1911.

The results obtained by this establishment have been brilliant. In the six months, July-December, 1911, following its foundation, it received 395 deposits for an amount of 51,543 pesetas and granted 141 loans for a total amount of 54,475 pesetas.

We give below details of the deposits in 1912:

		Number	Amount
Between	1 and 50 pesetas . . . . .	654	4,709
" 51 "	100 " . . . . .	26	2,225
" 101 "	500 " . . . . .	88	27,226
" 501 "	1,000 " . . . . .	31	28,500
Above	1,000 " . . . . .	65	243,002
		<hr/>	<hr/>
	Total . . . . .	864	305,662

The loans granted in 1912 were distributed as follows:

Loans	Security				Total	
	Personal		Mortgage		Number	Amount
	Number	Amount	Number	Amount		
Between 100 and 1,000 pesetas	268	115,315	17	11,500	385	126,815
Over 1,000 pesetas . . . . .	42	84,390	24	92,000	72	175,390
Total . . . . .	316	199,705	41	102,500	457	302,295

An examination of the above figures is sufficient to give an idea of the progress made by the Villarreal Savings Bank.

Up to the present, the deposits bear interest at 4% a year, whilst the interest on loans is 6 %. These are the maximum rates as laid down in the rules.

## UNITED STATES.

### MISCELLANEOUS NEWS.

I. — CREDIT UNIONS IN MASSACHUSETTS IN 1913. — The progress of Credit Unions in Massachusetts (1) for the year ending October 31st, 1913, is shown in the *Report of the Bank Commissioner. Part II, Co-operative Banks*. Eight new Unions began business during the year, bringing up the total of active Unions to thirty-four, while three others had been registered before the close of the year but had not yet begun to transact business. On October 31st, 1913, the number of members in active Unions was 4,577; the number of borrowers, 1,560; and the total number of shares issued, 21,872, the nominal value of the shares varying from one dollar to ten dollars and being, in the majority of cases, five dollars. The two Tables which follow show the situation of the Unions on October 31st, 1913, the assets and liabilities being compared with the corresponding figures extracted from the previous year's balance sheet.

#### *Massachusetts Credit Unions.*

TABLE I. — *Aggregate Statement: Assets and Liabilities.*

Assets.	Oct. 31,	Oct. 31,	Liabilities.	Oct. 31,	Oct. 31,
	1912.	1913.		1912.	1913.
	Dollars.	Dollars.		Dollars.	Dollars.
Loans . . . . .	68,332.54	116,597.41	Shares . . . . .	64,910.43	120,284.48
Expense Account .	2,569.57	4,686.18	Deposits . . . . .	21,948.49	50,308.36
Cash . . . . .	23,139.18	34,130.12	Guaranteed Fund .	1,149.50	3,494.61
Sundries . . . . .	39.12	194.95	Earnings . . . . .	4,770.44	6,735.71
			Entrance Fees . .	683.30	1,087.95
			Fines . . . . .	246.80	278.72
			Sundries . . . . .	371.45	2,418.83
	94,080.41	184,608.66		94,080.41	184,608.66

(1) See *Bulletin of Economic and Social Intelligence*, October, 1913, p. 23.

TABLE II. — *Receipts and Disbursements: Year Ending Oct. 31st, 1913.*

Receipts.		Disbursements.	
	Dollars.		Dollars.
Shares . . . . .	92,391.77	Shares . . . . .	37,017.71
Deposits . . . . .	75,836.28	Deposits . . . . .	47,496.13
Loans . . . . .	200,406.68	Loans . . . . .	287,776.53
Entrance Fee . . . . .	1,196.60	Expenses . . . . .	5,691.5
Interest . . . . .	14,760.25	other Disbursements . . . . .	5,882.50
Fines . . . . .	650.58		
Other Receipts . . . . .	479.73		
Cash on Hand, Oct. 31, 1912	23,139.18	Cash on Hand, Oct. 31, 1913	34,130.12
	117,980.07		417,980.07

Each Union, in its annual return to the Bank Commissioner, is required to furnish, in addition to the balance sheet and the receipts and disbursements account, certain other information with respect to its constitution and working. The information relating to a typical Union, — the *Jeanne D'Arc Credit Union, Lowell*, — serves to illustrate the general working of the Massachusetts Unions and may be reproduced here :

Maximum number of shares which may be held by any one member: 50.

Maximum amount of deposits which any one member may make: \$1,000.

Maximum amount which may be loaned to any one member: \$2,000.

Maximum rate of interest which may be charged for loans: 8 %.

Amount of entrance fee fixed by the by-laws: 10 cents.

Fine charged upon payments in arrears: 2 cents per month on each dollar.

Fee charged for transfer of shares: 25 cents.

Rate of interest allowed on savings deposits: 4 %.

Rate of dividend paid upon shares during the year: None.

Par value of shares: \$5.

Requirements as to payment for shares, if payable upon the instalment plan: 50 cents. per month (minimum).

Number of shares subscribed for: 488.

Number of members on Oct. 31, 1913: 225.

Number of borrowers on Oct. 31, 1913: 18.

In some of the Unions no limit is placed upon a member's holding of shares, and in many cases no limit is placed upon the amount of individual deposits. The maximum amount which any one member may

borrow is generally considerably less than \$1,000 — the maximum shown above — and the interest rate on loans is more often 10 or 12 per cent.

The Unions are regulated by an Act of 1909, the first Act of its kind passed in the United States. Section 1 of the Act defines a Credit Union as " a co-operative association formed for the purpose of promoting thrift among its members ", and Section 2 provides that a Union " may receive the savings if its members in payment for shares or on deposit ; may lend to its members at reasonable rates or invest as hereinafter provided, the funds so accumulated ". The Act is short and the wording of it remarkably clear and simple. It is apparently giving entire satisfaction as the number of Unions is increasing and the success of many of them seems assured.

When one considers that during the last few years, farmers' associations in the United States have been demanding increased credit facilities for agriculture, it seems strange, that up to October 31st, 1913, not a single Credit Union in Massachusetts had been formed among farmers, although there is nothing to prevent them from taking advantage of the Act. The thirty-four Unions which were transacting business in 1913 had all been formed among workers in the towns. Some, like the *American Express Employees' Credit Union*, are restricted to the employees of a single firm ; others, like the *Hebrew Credit Union* and the *Italian Working-men's Credit Union* are organised among persons of a particular race or nationality, and others, again, like the *Eighth Ward Credit Union*, appear to confine their membership to the residents of a particular district. The four Unions just mentioned are all in Boston.

The absence of farmers' Credit Unions is difficult to explain. In part it is probably due to the fact that the organisation of the farmers of a particular district entails a considerable amount of persistent propaganda work which is usually unnecessary in the case of persons employed in industry or in business in towns ; while it is in the country, where the need for instruction and guidance is greatest, that it is most difficult to find teachers and leaders for any co-operative movement. The organisation of Credit Unions among town workers engaged in the same occupation and already united by the ties of a common nationality or religion, is a comparatively simple matter, and this may perhaps be the reason why in Massachusetts the first Unions have been formed in Boston, Lowell, Worcester, Lawrence and other towns.

However, since the close of the year under review, a start has been made among the farmers. In December, 1913, the Jewish Agricultural and Industrial Aid Society founded the *Jewish Farmers' Co-operative Credit Union of Bristol County*, the first agricultural Credit Union registered under the Act of 1909. The fact that the new Union is launched under the auspices of a central society with wide experience in the working of similar Unions in neighbouring States, should be a sufficient guarantee of its success.

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2. — THE NATIONAL GRANGE AND THE QUESTION OF CREDIT FOR FARMERS. — Among a large body of farmers in the United States there has always existed a strong tendency to distrust any financial scheme not directly administered by Government. When such a scheme, besides being based on private capitalistic interests, is one which purports to be for the benefit of the agricultural classes, American farmers are apt to display towards it a certain amount of scepticism. This attitude is perhaps more traditional than real, and for this reason may be more in evidence in resolutions passed by farmers' associations than in any particular course of action followed by the farmers in the conduct of their own affairs. Be that as it may, the opinion of the National Grange, unquestionably the most influential farmers' association which exists in the United States, is clearly shown in the resolutions passed at its last annual meeting. The resolutions were textually as follows:

“ That it is the opinion of the National Grange that any legislation for the purpose of bettering farm credits is a part of the national policy of conservation of food supply and as such the Government of the Nation should itself carry out this policy, and it cannot be properly delegated to private capital for general exploitation and profits.

“ That any farm credit association which shall receive any privileges by or under State or Federal law should be composed of farmers and not of capitalists of high finance, who have heretofore dominated agricultural credit and created conditions which now demand relief.

“ That any farm credit plan which does not include a direct reduction of the prevailing rates of interest, as well as a long term of small annual payment upon farm mortgages, will not meet agricultural requirements.

“ That the Government of the United States should borrow money at a rate of interest not to exceed  $3\frac{1}{2}$  per cent. and lend the money at a rate not to exceed  $4\frac{1}{2}$  per cent. to the farmers upon long time farm-land mortgages with such restrictions as may be necessary to make the Government perfectly secure, the profit to the Government to be expended in road improvement or for some other object that will benefit the whole people”.

The Legislative Committee of the Grange, after studying a number of bills dealing with land and agricultural credit, recently introduced in the United States Congress and referred to a Special Subcommittee for examination, reported to the members in favour of the bill introduced by Congressman Bathrick, the provisions of which are in perfect accord with the above resolutions. The bill, that is to say, provides for direct loans from Government to farmers, made on first mortgages only on farms,

and limited in each case to a maximum of 60 per cent. of the land and buildings mortgaged. Each applicant for a loan must be thrifty and of good character, and the money borrowed must be used: (1) to discharge obligations; (2) in payment of the purchase price of the farm; or (3) for the purpose of effecting improvements in the property mortgaged. The bill also provides for the administration of Government loans through credit association composed exclusively of farmers, the association in such cases acting as the paid agent of the Government in connection with the inspection and appraisal of property offered as security for mortgage loans, while employing its own capital in making short term loans to its members. It is further provided that any profits arising out of the Government business of making loans shall be devoted to the building and maintenance of public roads.

The opinion of the Grange, shown clearly in the resolutions and in the Report of the Legislative Committee, was again stated clearly by a representative of the Order in his evidence tendered to the Subcommittee appointed by Congress to consider the question of agricultural credit. The Grange representative criticised the scheme proposed by the United States Commission which reported to Congress in January of this year. The United States Commission, it will be remembered (1), proposed to establish "national farm land banks" which might, at the option of the promoters, be purely capitalistic or be of the co-operative type, and which would be privileged to issue bonds for the purpose of making loans against mortgages on farm land within the limits of the territory of a single State. The representative of the Grange objected principally to the proposal to exempt the capital and mortgage bonds of these banks from taxation, the granting of such exemption, in his opinion, amounting to special legislation for the benefit of bankers and being, therefore, entirely unjustifiable.

It is interesting to note that the United States Commission justified exemption from taxation precisely on the grounds that taxation if imposed would fall ultimately upon the farmers themselves in the form of a higher interest rate for loans. It is evident that the National Grange farmers are not prepared to accept this argument as sound, and the question as to the real incidence of any tax (except, perhaps, a tax already long established) is always a debatable one.

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3. — CO-OPERATIVE MORTGAGE BANKS IN WISCONSIN. — To Wisconsin belongs the honour of being the first of the States to enact a law for the establishment of co-operative land mortgage banks or associations.

The new law permits any number of freeholders (not less than fifteen) resident in Wisconsin, to form an association with a minimum capital of

(1) The Report of the Commission was dealt with in an article in the May number of the *Bulletin*.

\$10,000 divided into shares of \$100 each, and gives such an association power to make loans against first mortgages on agricultural lands, forest lands or lands occupied by dwelling houses situated within the territory of the State.

The associations are intended to promote rural credit and to disburden rural estates by granting amortization loans at moderate rates of interest. The most important provisions which safeguard the security of the mortgages and, consequently, of the bonds issued against them, are the following.

No loan shall be made unless the Committee on Loans is satisfied that it will benefit the borrower and will be used either for effecting improvements in the land or other property mortgaged, or for the purchase of live stock or implements to be used for agricultural purposes directly in connection with such land. In the latter case the loan shall be made only to a *bona fide* resident upon the land offered as security. All mortgages must contain provisions for the proper conservation of the soil and for the full insurance of all buildings. Further, all mortgages must make provision for the annual or semi-annual reduction of the amount of indebtedness; no loan shall be made against the mortgage of any real estate in which an officer or trustee of the association is interested, directly or indirectly, except upon the approval of two-thirds of all the trustees; and, finally, the maximum amount for which a loan may be made shall not exceed 65 per cent. of the value of the mortgaged property, in the case of improved farm land, nor 40 per cent. in the case of unimproved land.

A borrower may repay his loan by instalments of such amounts and at such intervals as may be agreed upon and, upon sixty days notice, may repay the whole amount outstanding.

Each association is required to build up a reserve fund equal to 20 per cent. of its subscribed capital by setting aside, out of the earnings of each year, an amount equals to 2 per cent. of such capital. No association may acquire any real estate except such as serves for its own use as office buildings or comes into its possession through the foreclosure of mortgages of which it is the holder. In the latter case the real estate so acquired shall be promptly sold.

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4. — THE RURAL ORGANIZATION SERVICE OF THE DEPARTMENT OF AGRICULTURE. — Prof. T. N. Carver, Director of the United States Rural Organization Service, in a paper read before the American Economic Association at its Twenty-sixth Annual Meeting, gave an interesting account of the work which his Division is trying to accomplish in behalf of American agriculture.

The work of the Rural Organization Service is intended to supplement that of the Office of Markets which was established for the purpose of studying the whole group of technical problems connected with the distribution of agricultural products. At the present moment, besides conducting a special inquiry into the methods of handling and marketing cotton, the Office of Markets is engaged in investigating the questions of market grades and standards, methods and costs of selling, transport and cold storage, city markets and distribution to the consumer.

The Rural Organization Service aims at extending this work along two main lines, — in the organization of rural finance, including both credit and insurance, and in the promotion of producers' and purchasers' associations. Actually, the work in hand is the making of a preliminary survey of the field in order to find out what the present situation is, what agencies already exist, and what are the real needs of the rural population. The preliminary investigations have shown that in the field of rural credit some excellent organizations already exist and are helping, in their own localities at least, to solve the problem of providing an adequate financial system for agriculture. Prof. Carver refers in this connection to the building and loan associations (or savings and loan associations as they are sometimes called) which in one or two States are lending money on farm mortgages on the amortization principle. In some of the States of the Middle West, farmers' mutual insurance societies are very numerous; there are co-operative creameries in Wisconsin and Minnesota; co-operative elevators in Iowa; co-operative warehouses in North Carolina; and co-operative purchasing associations in about half the States. All these various societies, according to Prof. Carver, have been doing work which is in its way excellent, though of very uneven quality.

Prof. Carver in his paper calls attention to the pressing need which exists in the United States for an educational propaganda to instruct the farmer in the principles of co-operation. "It appears at the present time", he says, "as though the time and energy of the Rural Organization Service would be largely taken up, first, in convincing people that there is no magic about co-operation; second, in making clear to would-be organizers the distinction between the joint stock principle and the co-operative principle; third, in making it clear, in some of the Western States at least, that better credit facilities are quite as likely to do harm as good, except where they are safeguarded and permitted only to those farmers who are prepared to use the capital advanced to them for distinctively productive purposes". The last point here emphasised, which is of fundamental importance, has generally been overlooked in discussions upon rural credit in the United States. A great many farmers under existing conditions are able to borrow money for non-productive purposes. From a wisely managed co-operative credit society of the type which is common in Europe and which it is proposed to establish in the United States, a farmer would be unable to borrow anything on any terms for purposes not strictly productive. Prof. Carver is emphatically of opinion that, until the farmers

in any particular group thoroughly understand that the function of a co-operative credit association is to promote productive agricultural enterprises by advancing capital for these enterprises only and refusing it for all other purposes whatsoever, they should not be encouraged to start such an association, either for long time or short time credit. "It has never yet been sufficiently emphasized," he says, "that the function of a co-operative credit association is just as much to refuse credit as to give it".

## HUNGARY.

### HUNGARIAN WINE SOCIETIES

by Dr. J. DRUCKER,

*Manager of the National Association of Hungarian Vintners.*

Hungary is essentially a winemaking country. When the phylloxera made its appearance there in 1875, an area of 425,000 hectares was covered with vineyards, 358,000 ha. in Hungary proper and 67,000 in Croatia and Slavonia.

The invasion of phylloxera caused a rapid decrease in the area under vines. The average area for the years 1886-1890 was 348,000 ha. in Hungary and 4,000 ha. in Croatia and Slavonia; for 1891-1895 it was only 230,000 ha. and 51,000 ha. and for 1896-1900, 211,000 ha. and 40,000 ha. respectively.

From that date the area under vines began again to increase, as shown below:

Year	Area of vineyards in hectares	
	Hungary	Croatia and Slavonia
1902	234,000	38,000
1903	239,000	39,000
1904	248,000	41,000
1905	257,000	42,000
1906	269,000	43,000
1907	275,000	49,000
1908	289,000	39,000
1909	298,000	42,000
1910	305,000	44,000
1911	312,000	45,000

Let us add with M. René Gonnard (*La Hongrie au XX<sup>e</sup> siècle*, page 304), that there is none of the large divisions of the kingdom in which wine is not made. But, if the industry is very widespread, there are, however, three regions in which it is of exceptional importance: namely, 1st the region between the Danube and the Tisza; 2nd the right bank of the Danube; 3rd Croatia and Slavonia. Next in importance come the

regions between the Tisza and Maros and the left bank of the Tisza. In the North of the Danube, on the left bank, there are also many rich vineyards but in proximity to each other on a limited area, in the neighbourhood of Pozsony (counties of Nograd, Nyitra and Pozsony); the rest of the region north of the Danube is little suited to viticulture. Transylvania produces very palatable wines, but in no large quantity. The vines of the region of the right bank of the Danube fetch the highest prices; its produce, valued at 30,000,000 crs., while that of the region between the Danube and the Tisza is only valued at 28,000,000.

These figures are, of course, variable, nothing being more so than the production and price of wine from year to year, as indeed may be seen from the following table giving the results of ten years:

Year	Hungary				Croatia and Slavonia			
	Vintage (in hl.)		Value (in crs.)		Vintage (in hl.)		Value (in crs.)	
	Total	Per ha.	Total	Per ha.	Total	Per ha.	Total	Per ha.
1902	2,621,000	11.19	70,477,000	301	608,000	16.00	17,103,000	45
1903	2,133,000	10.18	68,386,000	286	515,000	13.16	15,321,000	39
1904	3,471,000	13.99	108,366,000	437	786,000	19.03	22,153,000	53
1905	3,170,000	12.30	100,139,000	388	667,000	15.59	21,284,000	49
1906	3,088,000	11.45	99,481,000	369	561,000	12.86	19,850,000	43
1907	3,068,000	11.13	126,175,000	457	724,000	18.01	27,159,000	63
1908	6,515,000	22.50	173,002,000	597	1,509,000	37.87	34,014,000	83
1909	3,285,000	11.02	97,598,000	327	1,079,000	25.49	25,073,000	52
1910	2,541,000	8.33	110,160,000	361	223,000	4.95	10,056,000	22
1911	4,155,000	13.33	182,667,000	585	784,000	17.13	33,378,000	72

A glance at this table will suffice to convince the reader of the uncertainties to which the producer is exposed. Let us further add that the market for Hungarian wine is still imperfectly organized. This is enough to explain the tendency towards co-operation.

In 1870 the tendency was first manifest and the question was raised whether it were preferable first to found local societies and afterwards federate them or begin with a central organization with regional societies and not individuals as members. In 1883, the *National Co-operative Society of Hungarian Viticulturists* was founded, but this association, which had not sufficient funds, had to face difficulties at the start and to be re-organised in 1886 under the form of a society with a capital of 44,000 crs. In 1887, the Department of Agriculture entrusted this society with the Management of the *Central Collective Model Wine Store*, granting it an annual subscription which was at first 18,000 crs., but was reduced after two years, and the free grant of cellars.

The *Collective Central Model Wine Store* was founded in 1881 by M. I. Miklós, with the object of collecting the best kinds of Hungarian wines and ensuring a good reputation for them by means of their scientific treatment.

At first, this was all it undertook to do, but soon warehouses were established in connection with it, where the producers could sell their wine in bottles, on payment of 5 % for expenses. However, the direct Government management led to bitter complaints on the part of the wine merchants, so that the Government entrusted the conduct of the business first to a Committee of nine members and then, in 1887, to the *National Co-operative Society of Viticulturists*. The activity of the Wine Store was then redoubled; organized winemaking courses, prepared storekeepers for wine stores, appointed agents abroad and especially in Austria, Germany, Russia and the United States, but, with the coming of the phylloxera, it again became necessary to restrict its work to the supply of the local markets. Today, it produces from 1,000 to 4,500 hectolitres of wine per year, sold at from 25 to 160 crs. a hectolitre; it endeavours more and more to extend its business, not confining itself to the sale of the wine of the members of the co-operative society, and not hesitating to obtain other wine of the best quality so as to extend the field of its operations both at home and abroad.

Among other organizations, let us mention the *Viticulturists' Society of Pozsony*, founded in 1874 under the form of a society limited by shares with a capital of 30,000 crs. by the *Pozsony Viticulturists' Association*, itself founded in 1861. This society only buys wine produced on the model vineyards of the viticulturists' association and some other wine farmers. It sells it by the glass or by the bottle. The turnover amounts to 150,000 rs. a year.

Let us also mention the *Esztergom Viticultural Association*, founded in 1878 with a capital of 60,000 crs. When it began, this association only sold its members' wine, but, after the phylloxera crisis, in order to maintain itself, it had to extend its business and sell any wine it could obtain. The other wine societies, on the contrary, could not survive the crisis.

The movement in favour of co-operation recommenced with the reconstitution of the vineyards.

Among the new foundations, let us mention the *Gyöngyös-Visonta Viticulturists' Co-operative Society*, the *Co-operative Society of the Viticulturists of Eger, Tallya etc.*, and more recently the *Gyöngyös Mountain Viticulturists' Society*. The first is particularly important. It has a share capital of 500,000 crs., and every year it places on the market 50,000 hl. of wine and often more. Half its business is done in Vienna. The members do not confine themselves to offering their wine for sale; they buy must in large quantities, above all at the vintage season.

The organization of the wine societies of Jászberény, Eger, Gyöngyös-Somlyó and Gyöngyös-Mátrahegygalja is nearly the same.

They obtain as much wine as they can, even from non-members and generally sell wholesale, though sometimes by the bottle.

Quite special mention must be made of the *Co-operative Society of the Large Wine Producers of Tokaj hegysége*, founded in 1903 in the most important viticultural region of the country. It only admits as members viticulturists whose vineyards are more than 10 arpents in area as shown in the cadastre, or about 6 hectares. There is no share capital, but the members pay an annual subscription a little in excess of the general expenditure so that the balance gradually forms a reserve fund.

Let us finally mention the *Cegléd Co-operative Wine Society*, founded four years ago and the co-operative societies recently founded in the region of Medgyes by the Transylvanian Saxons.

As we see, much remains to be done in Hungary for the development of viticultural co-operation. In order to give it a new impulse, the Government has decided on the foundation of 10 large *Collective Wine Stores*, in which the producers will be able to store, treat and sell their wine, and obtain credits for half the value of their produce. The work of these Wine Stores, the rules for the organization of which we give in an Appendix, will begin at the date of the next vintage. Their success can only be warmly desired.

#### APPENDIX.

##### *Ministerial Regulations of January 20th., 1914 for the Organization of Government Collective Wine Stores.*

Art. 1. — The Government Collective Wine Stores, founded in the interest of Hungarian wine making, shall have as their object: 1<sup>st</sup>., the development and popularisation of scientific wine making; 2<sup>nd</sup>., the obtaining of more remunerative conditions for the producers; 3<sup>rd</sup>., credit on security of the wine stored; 4<sup>th</sup>., the preparation of storekeepers for wine stores.

Art. 2. — Each of the collective wine stores shall be directed by a competent officer, appointed by the Minister of Agriculture. He shall have under him the necessary staff for the treatment of the wine and the management of the store.

All the collective wine societies shall be placed under the supervision of the chief inspector of the Royal Hungarian Wine Stores, residing at Buda-fok. Appeal may be made to the Royal Minister of Agriculture against the decisions of this officer.

Art. 3. — Any Hungarian producer may store his wine in the Government Collective Stores. The wines may be sent there both for treatment and sale. However, the wine must: 1<sup>st</sup>., be presented by the producer himself; 2<sup>nd</sup>., come from a vineyard situated on Hungarian soil; 3<sup>rd</sup>., be exempt from all disease; 4<sup>th</sup>., have the usual character of the typical wines of the region from which it comes; 5<sup>th</sup>., conform with the provisions of article 47 of the law of 1908 on wine.

Wines made from the residue of grapes or from fruit shall not be accepted, even if in conformity with the provisions of the above law.

Art. 4. — If the buildings permit of it and if there is no risk of the proprietors who have conformed with the provisions of article 3 suffering, the Store may receive wine from others than producers.

However, such wine shall only be accepted temporarily and exclusively for treatment, with special authorization from the chief inspector of the State Collective Wine Stores, who may always oblige the party concerned, by means of a registered letter, to remove his wine within a period of a fortnight from date of posting of the letter, and after payment of charges and expenses. On the expiration of this term, the chief inspector may proceed to return the wine to the owner, at the latter's risk and at his charge.

Art. 5. — Each consignment of wine must be preceded by four bottles of half a litre each as samples, two of them for chemical analysis and tasting, the third for comparison with the consignment and the fourth to be kept to serve as proof in cases of future disputes.

Art. 6. — With the samples, the following particulars must be furnished in writing to the Management of the Store: (a) name, occupation and residence of sender; (b) place of origin of the wine (commune, county); (c) year of vintage; (d) name of producer; (e) in case the sender is not the producer, name, occupation and residence of the latter; (f) colour of the wine (white, red etc); (g) quality of wine (table, dessert etc); (h) if possible, name of the kind, or kinds of grapes from which the wine is made; (i) quantity to be stored; (j) manner of deposit (together or separately); (k) date of despatch; (l) purpose for which despatched (treatment or sale); (m) in the latter case, price asked; (n) amount and date of advances asked for, if any. The sender may defer statement on the last two points.

Art. 7. — After chemical analysis and tasting by both parties, and examination of the above list of declarations, the Management of the Collective Wine Store shall decide whether or not to accept the wine. In either case, the party concerned shall be advised of the decision. If the wine is accepted, the depositor shall receive a copy of the present Regulations, to be returned before the wine is despatched, with the following endorsement: "I recognise the binding nature of the provisions of these Regulations", with date and signature.

The chief inspector shall alone decide on questions arising in connection with article 3.

Art. 8. — The Management of the Wine Store may refuse the wine of those who have been condemned in accordance with the law against adulteration or who are now being prosecuted in accordance with that law, but the party concerned may appeal to the chief inspector, and, in the last resort, to the Minister of Agriculture.

Art. 9. — The deposits shall be received in the order of the declarations and the despatch of samples.

However, in order that the Collective Wine Store may be at the disposal of as large a number of producers as possible, none of them may consign

more than 200 hectolitres a year, unless the buildings admit of more being received.

As the Government Collective Wine Stores desire to collect and promote the production of the best wines characteristic of the winemaking regions, these wines shall have the first claim to acceptance.

Art. 10. — The wine shall be only admitted after fermentation. The consignment may be made with the lees or after racking.

Art. 11. — Generally, the consignment shall be made in the producer's casks. However, if the Wine Store has casks not being used, the producer may, with authorization of the chief inspector, deliver their wine in such casks, on payment of 1 cr. per hl.

The costs of delivery of the wine and of transport of the empty casks shall be borne by the proprietor of the wine. The Management of the Wine Store can not advance the amount. On the other hand, the costs of carting the wine and casks to or from the nearest station, which is arranged by the Wine Store, are advanced by the Management to the proprietor of the wine.

Art. 12. — The officer entrusted with the management of the Wine Store or his substitute shall receive the wine forwarded and open the cask in the presence of the storekeeper, taste the wine together with the latter and compare it with the samples sent in advance (art. 5.). When the casks accepted are opened, those which may not have been entirely full shall be filled up and the exact quantity received shall be registered in the register of the Wine Store. Then the wine shall be analysed to prove its perfect conformity with the samples sent in advance.

The analysis shall be made by the staff of the wine store ; however, in cases of difficulty, the National Chemical Institute may be required to make the analysis or give its opinion.

Art. 13. — If the tasting and analysis of the Wine Show that it is not according to sample sent, the Management of the Wine Store shall at once advise the owner and report on the matter to the chief inspector, who must decide on the steps to be taken.

Art. 14. — If, in consequence of breakage, leakage of the casks etc. caused in transit by rail or ship, for which the carriers are responsible, any of the wine is lost, the Management of the Wine Store must support the owner in his action.

Art. 15. — The Management of the Wine Store shall be bound to insure the wine deposited against fire and theft, for an amount fixed by the owner in accordance with the market price of his wine, or, in default of this, at an estimate made by the Management itself. The owner must pay the premium.

Art. 16. — The wine, when finally accepted, shall be submitted to treatment, with a view to its improvement and in order to make its quality as good as possible and give it its maximum value.

The Management shall be bound to follow the instructions given for the purpose by the chief inspector.

Art. 17. — If a producer sends several kinds of wine to be treated each separately, this shall be arranged, if there is no difficulty. If, however,

Delivery having been made for the purpose of sale, the Management of the Wine Store or the chief inspector finds it advantageous to proceed to mix the different wines of the same owner, both in his interest and for the simplification of the work of the Wine Store, this can be done without the owner being informed.

Art 18.—It is to be desired that the State Collective Wine Store should put on the market the largest possible quantity of the same wine and that it should obtain large stocks of the same kinds by mixing the wine of various producers. When such mixing has been carried out, the chief inspector, in accord with the Management, shall fix the price, taking into consideration the wine used and he shall thus fix the share due to each owner, according to the market price of his wine. Yet, for mixtures of this kind, the consent of the various owners, shall be necessary. To this end, the Management of the Wine Store shall within the requisite time inform each of the parties concerned as to what his share will be.

Art. 19.—The charge per month for treatment of wine in the Wine Store shall be 0.21 fr. per hl. If this charge does not cover the costs, the Minister of Agriculture may raise it. He may also lower it, if need be. The higher rate shall only be charged on wine consigned after the promulgation of the new tariff. For wine stored fractions of months shall be calculated as entire months. The owner must also pay the cost of the material, if any, for bottling his wine (bottles, corks, labels etc.).

At the end of every three months, the Management shall advise the owners of this cost, as well as of the cost of cartage and insurance advanced by the Wine Store in terms of articles 11 and 15; this shall be payable within the fortnight from the despatch of the notice.

In the case of non-payment and after the expiry of another fortnight, the chief inspector shall have the right to sell all or part of the wine of the party in question, even below its estimated cost and thus recover the expenditure incurred, without prejudice to the financial institutes granting loans on wine in terms of article 27 of the present Regulations. Yet the sale can only be proceeded with after the chief inspector has informed the party concerned, by registered letter at least a week previously.

Art. 20.—The owner must bear any loss due to evaporation or to the treatment (racking, filtering, bottling etc.).

However, such loss must not exceed 1% per three months for racking and 3% for bottling (through overflow and breakage of bottles).

The proceeds from the sale of the lees shall go to the owner.

Art. 21.—Except in cases of necessity or injury due to natural causes, the officer charged with the management of the Wine Store shall be responsible for the real amount of wine received and for losses in excess of the maximum laid down in art. 20 through evaporation and treatment; he shall be also responsible for the method of treatment and the mistakes or omissions of his subordinates.

The chief inspector shall be similarly liable for loss due to his own fault.

This liability shall be guaranteed by the reserve fund for which provision is made in article 22 of the present Regulations.

The owner must bear any loss due to unavoidable circumstances.

Art. 22. — As security for the liability established in the preceding article, the Minister of Agriculture shall provide for the formation of a reserve fund, "the Reserve Fund of the Government Collective Wine Stores".

This fund shall be constituted by a stock of wine valued at 361,427.96 crs. the property of the Treasury, and already deposited in the Collective Wine Stores, or by its market value, without prejudice to the proprietary right of the Treasury, which can incur no liability for wine treated in the Wine Stores, either towards the owners or the credit institutes.

The reserve fund shall only insure repayment of losses which exceed the usual amount as laid down in article 20 above or are caused by some possible change in the wine. It shall not be used to cover losses due to fall in price.

Deduction shall be made of 0.25 % of the estimated value as provided for in article 28, to form the reserve fund. This charge shall be deducted from the price of sale, if the wine is sold through the medium of the Wine Store; if it is withdrawn by the owner, the latter shall pay the above charge before proceeding to remove the wine.

The reserve fund shall be administered by the Agricultural Department. For treatment, insurance and sale of the wine forming the reserve fund, the taxes and charges established in articles 15-19 and 24 of the present Regulations shall be levied. The balance from the price of sale including the amount realised in excess of the estimate, shall be placed in the reserve fund.

The reserve fund shall be the property of the Treasury, so that if the Government Collective Wine Stores cease working, the amount shall be utilised for other objects of viticultural interest to be determined by the Minister of Agriculture.

Art. 23. — The sale of the wine treated in the Collective Wine Store is conducted by brokers engaged for the purpose by the chief inspector with the approval of the Minister of Agriculture or, if need be, the wine is sold by auction.

A broker may work for a single collective wine store or for several.

In default of brokers, the Management of the Wine Store shall proceed to offer the wine stored in accordance with instructions from the chief inspector.

The Management of the Wine Store shall sell the wine lees at the market rate for the benefit of the owners.

Art. 24. — The owners shall pay the brokers' commission due on sales made.

Art. 25. — The wine treated in the Wines Stores shall be generally sold in casks; however, wine shall also be sold in bottles when the chief inspector thinks it best.

At the request of the owner, the wine shall be sold under his name; in case of wine of various owners being mixed, they shall be labelled with the name of the place of their origin (viticultural region, commune etc.).

or a title chosen by the chief inspector in conformity with the provisions of paragraphs 10 and 11 of article XLVII of the law of 1908 on wine-making.

Art. 26. — The wine placed on sale by the Wine Store, whether in casks or in bottles, must be sealed in such a way that the cask or bottle can only be opened after the seal is broken.

If the owner does not desire to sell his wine through the medium of the Wine Store, but sells it himself or withdraws it from the Store, no seal shall be affixed.

Art. 27. — By arrangement of the Minister of Agriculture, the producers may receive loans on their wine deposited, up to the amount of 50 % of the valuation contemplated in article 28.

These loans shall be granted on the security of wine by the Credit Institute indicated for the purpose by the Minister of Agriculture.

The security shall cover the claim paid, in case of loss, by the Insurance Company (Art. 15), and the policy shall be consigned to the Credit Institute.

The debtor shall be without delay advised of the consignment of the policy by the Management of the Wine Store. In case of the mixing of the wine, the security shall cover the share contemplated in article 18, as well as the market value of the seller's wine or of that of his heirs under the conditions of article 30. The personal property of the debtor shall be a further guarantee for his engagements.

The Management of the Wine Store where the wine given in pledge is deposited shall be advised by the Credit Institute of the loans granted by it in terms of the present article; it shall be responsible for the observance of the provisions of articles 30, 31 and 32 relating to the repayment of loans.

The Credit Institute cannot grant loans on wine which is no longer the property of the producer himself. According to § 306 of article XXXVII of the Commercial Law of 1875, the Credit Institute may proceed to exact its claim to the security without need of authorization from the court; on its demand, the Management of the Wine Store shall immediately offer for sale at public auction the wine given in pledge and divide the proceeds of the sale in accordance with the provisions of article 29.

Art. 28. — The value of the wine deposited serving as security for the loans shall be fixed by the chief inspector after consultation with the Management of the Wine Store.

It shall be notified to the party concerned by the Management at the date of the consignment of the wine.

On the other hand, the producer shall have the right to fix the price for sale of his wine, that is to say the net price he desires to receive after deduction of costs of treatment, insurance and sale and the amount to be contributed to the reserve fund. However, the Management of the Wine Store shall not guarantee that the wine can be sold at the price fixed by the producer. If the Management of the Wine Society or the chief inspector

considers the price fixed by the producer too high and foresees that the wine will not find a purchaser at that price, the producer must be informed and the Management or the inspector shall propose another more reasonable price. If, notwithstanding this, the party concerned keeps to the price originally fixed by him, the wine shall be offered at that price.

Art. 29. — The wine store shall only sell for cash or against security. In the latter case, payment in money, including costs of sale, must be made within the term agreed upon, from date of delivery.

Art. 30. — The amount paid by the purchaser shall serve, in the first place, for payment of the expenses of the Wine Store (treatment, insurance, charges etc.), and then for reimbursement of the loan granted on the wine in accordance with the provisions of article 27; the net balance shall be paid to the owner.

Art. 31. — The owner may at any time withdraw the wine he has stored whether for treatment or sale, if not yet sold.

However, he cannot proceed to do this without having paid the costs (for treatment, insurance, charges etc.), and repay any loan received in conformity with article 27; these payments must be certified by a declaration in due form, addressed to the Management of the Wine Store, which shall have the custody of it.

Art. 32. — Whoever sends wine to the Collective Wine Store shall be held to be owner of the wine until it has been legally proved that the right of ownership has been transferred to another person. In that case the new owner can only claim the net profits due after payment of the expenses of the Wine Store and repayment of the loan, if any granted by the Credit Institute.

Any transfer of ownership shall render applicable the clause of article 4 in terms of which the chief inspector has the right to require that the wine be removed within a period of a fortnight.

If the person concerned does not comply with this demand, the wine not covered by the security given in accordance with article 27 shall be forwarded, at owner's risk, to his address by order of the chief inspector. The owner must pay all expenses and charges.

When the wine has been covered by the security given (art. 27) the Credit Institute must be advised of the change of ownership.

Art. 33. — The stock of wine held by the Collective Wine Store shall be utilised for researches requiring time, with the object of determining, on the one hand, the properties and chemical composition of the various kinds of wine produced by the very different viticultural regions of the country and, on the other hand, the methods of treatment best adapted from both the technical and the practical point of view. The knowledge in this way acquired will be applied in measures for promoting the use among viticulturists of scientific methods of treating wine.

Art. 34. — With the object of improving and popularising the scientific treatment of wine, three short courses will be delivered in the Government Collective Wine Stores. Viticulturists, vinedressers, wine merchants, hotelkeepers, priests and schoolmasters may attend them.

With the same end in view, itinerant store keepers must go where the viticulturists ask for their assistance, to give them practical instruction on the spot in regard to the scientific treatment of wine.

Art. 35. — In case of necessity, the Minister of Agriculture may amend the present Regulations; but amendments so made cannot have retroactive effect to the prejudice of the owners of wine received at the Wine Stores before the amendments come into operation.

Amendments that may affect loans granted in terms of art. 27 can only be introduced with the consent of the Credit Institute.

## PORUGAL.

### MISCELLANEOUS NEWS.

1. — BILL FOR THE FOUNDATION OF PEOPLE'S BANKS.—The Minister of Finance, M. Thomaz Cabreira, has recently laid before Parliament for its examination an important bill on People's Banks.

In a long preamble he states the reasons that have induced the Government to present this bill, especially insisting that there are many as well as large amounts of savings the farmers, workmen and shopkeepers keep uninvested so as to be ready for possible emergencies. The Minister considers that the People's Banks, by offering these persons a safe investment for their savings, permitting of their rapid and easy realisation, will bring these small savings into circulation to the benefit of the country. He passes on to consider the work done by these institutions in other countries, and the example of Italy, where they have made great progress seems to have especially inspired him.

The bill considers as People's Banks which may be given special advantages those banking societies limited by shares the object of which, on the one hand, is to facilitate and encourage saving and, on the other, to obtain credit for commerce, industry and agriculture.

In order to give these Banks the character of co-operative credit societies with the largest possible number of shareholders and to reduce speculation to a minimum, the bill provides that :

1. The shares shall be personal and of the maximum value of 10 escudos (1), payable in 10 instalments.

2. No one may possess shares for an amount of more than 5,000 escudos, and each shareholder, whatever the number of his shares, shall have only one vote.

3. The dividend paid to shareholders may not exceed 5 % of the fully paid up capital.

The net profit, after deduction of general expenses, and payment of dividends, shall serve to form a reserve fund, and, as these institutes "will inspire more confidence the larger their reserves are", when the ordinary reserve fund is equal to the amount of the share capital a special reserve fund will be formed.

In addition to operations conducted by most Banks, such as the opening of current accounts, the grant of loans and advances on bills and gold

(1) The escudo (gold) is worth 5.6 frs.; so each share would be 56 frs.

or silver plate, the People's Banks may discount, at a rate of not more than 1% above that given by the Bank of Portugal, the bills of smaller banks and agricultural credit societies as well as those of small dealers, manufacturers and farmers, bearing two signatures of solvent persons. They may further grant loans for a period of not less than six years, to be repaid in instalments, to agricultural syndicates or industrial co-operative societies.

Among the advantages granted to the People's Banks by the bill we shall mention: complete exemption from payment of taxes for all business necessary for the formation or increase of their share capital, or the constitution of reserve funds, and exemption from stamp duty on shares.

The banks shall be exempted from all taxes for the first five years of their work, and in succeeding years shall only pay half the ordinary taxes.

They will also enjoy the privilege of being able to rediscount their bills and acceptances at the Bank of Portugal, when the Board of Management of the latter thinks fit, at  $\frac{1}{2}\%$  below the usual rate.

In case of dissolution, the reserve fund shall serve to repay the share capital and the surplus shall be used to found a new institute of the same character. In case it is absolutely impossible to do this, the surplus shall be divided among the mutual aid societies of the region.

The Minister hopes the People's Banks may give valuable assistance to the agricultural institutions already existing and especially to the Rural Banks and Syndicates and thus contribute to improve the situation of the Portuguese farmers.

(Summarised from *Diário de Notícias* of May 7th., 1913).

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2. — A BILL ON PROFESSIONAL ASSOCIATIONS. — M. Aquiles Gonçalves, Minister of "Fomento", has recently laid before Parliament an important bill on professional associations (*associações de classe*), which is also of great interest for the farming classes.

By its provisions, persons exercising the same profession, or similar connected professions, may form themselves into professional associations. The object of these shall be the study and defence of the professional interests, material and moral. They may take two different forms, those of authorized and of approved associations.

For the constitution of merely authorized associations only those legal formalities will be necessary that are required in the case of every association. It will be enough for them, that is to say, to present to the administrative authorities a written statement in duplicate of their constitution, with indication of the title, object and headquarters of the association, and the names, professions and residence of the managers.

One copy of this statement shall be preserved at the municipal office and the other forwarded to the Civil Governor of the district, to be placed among the archives.

The approved associations, in addition to the above formalities, must:

1. Adopt a title different from that of the other associations previously founded;
2. Present to the administrative authorities two copies of the Rules signed by the members of the bureau of the meeting in which they were approved;
3. These Rules must be drawn up in terms permitting of the approval of the Government and therefore must not be contrary to the object of the association or the laws of the country;
4. The Decree approving them must be published in the "Diário do Governo".

These associations have ample legal powers; they may sue at law for the acquisition of real and personal estate, engage in enterprise, bring actions for unfair competition, or for the defence of industrial property and occupy themselves in all questions relating to accidents in work and social insurance.

They may form *Unions* and *Federations*, approved or merely authorised for the foundation of the unions the same formalities shall be required as for that of the local associations.

The professional associations, whether local or central, may found institutions for education or production; special schools, co-operative societies, insurance societies of every kind etc.

These institutions shall be governed by special rules according to the object; the members of the associations shall never be obliged to take part in them.

The funds for the Mutual Aid Associations, economic banks, insurance societies or any other thrift institute, in which all the members of the professional association do not share, shall be kept separate from the funds of the association itself.

No member withdrawing from an approved professional association shall have any claim to the amount of the contributions he has paid, but shall preserve all his rights as member of any institution emanating from the professional association, union or federation.

In case of dissolution of an association authorized or approved, its assets shall be dealt with as laid down in the Rules or, in the absence of provisions in the Rules, under the supervision of the administrative authorities, and the balance after payment of the debts shall be paid over to the national assistance fund.

The associations existing before the promulgation of the law shall be considered as approved professional associations.

(Summarised from *Diário de Notícias*, Lisbon, May 2nd, 1914.)

## RUSSIA.

### MISCELLANEOUS NEWS.

1. UNION OF SIBERIAN DAIRY ARTELLS. — About twenty years ago we may say the sole object of livestock improvement in Siberia was the production of sufficient butchers' meat for local needs. It was only in 1893 that a few enterprising foreigners, a large number of them Germans and Danes, established themselves in the country and offered the inhabitants livestock and implements on credit. The debts thus contracted were to be repaid gradually in kind, in milk, cream or butter, but no price was established in advance as a standard of value for these products.

This bold attempt resulted in a rapid and general development of dairy industry throughout the whole of Western Siberia. On the other hand, it rendered all the colonists dependent on foreign speculators who, profiting by the abundant produce, reduced the prices to such a degree as to render any effort on the part of the peasants to free themselves from the debts incurred in the purchase of machinery and livestock a very difficult matter. Milk even came to be sold at 25 kopecks a poud, that is 4 centimes the kg., and butter at 22 kopecks (57 centimes) a Russian pound (410 grammes).

This, naturally, led to the deterioration of the quality of the produce, so that the judges at the Kurgan dairy show held in 1911 were obliged to say that Siberian butter was generally of very inferior quality.

As a means of improving the situation, the President of the Kurgan Division of the Moscow Agricultural Society, Alexander Nicolajewitsch Balakschin, addressed himself directly to the Department of Agriculture, and proposed that the Government should take measures to encourage the foundation of dairy societies in Siberia on a co-operative basis, after the Danish model.

The proposal was most favourably received; a credit of 7,000 roubles a year for 3 years was assigned and a special commission appointed, with M. Balakschin as president, to take all necessary steps for the realisation of the idea.

In consequence of the activity of all the members of the Commission, the results obtained were wonderful. In hardly 3 years, quite 200 co-

operative dairy "artells" had arisen in West Siberia and the producers who became members were at last able to escape, at any rate so far as production was concerned, from the clutches of foreign speculators.

But the latter, unfortunately, were still absolute masters in the field of transport and exportation and so completely paralyzed the work of the "artells", either buying the produce of the societies at ridiculously low rates, or charging enormously for the carriage of butter, when direct exportation was attempted.

It was at last decided to overcome also this form of exploitation on the part of the speculators by the same methods already employed in meeting their opposition in the realm of production, that is by co-operative.

On November 10th, 1907, the delegates of 12 of the principal "artells" of the country formed a *Union*, in their name, the special object of which was the direct export of the produce of the Siberian dairies to foreign countries.

With powerful support from the Government and the local authorities, the Union rapidly thrived. It now includes 577 dairy "artells" scattered over the enormous stretch of territory between the Urals of the west and the Altai on the east. The central management established its head quarters in 1912 at Kurgan in a building specially constructed for the purpose at a cost of 50,000 roubles, and the produce is collected for exportation in deposits established at Beraul, Petropawlowsk, Kamnia, Jalutorowsk, Kurgan, Troitski and Tscheliabinsk, that is to say in the principal milk producing centres of the region.

For the sale of the butter it exports, the Union has founded a society limited by shares, in London, under the name of "*Union of the Siberian Co-operative Associations*". The share capital amounts to 1,000,000 roubles in 100,000 preference shares. Besides this, the society has issued 100,000 foundation shares of the nominal value of 50 roubles; by English law these give a right to a share in the management.

These 100,000 foundation shares were distributed as follows: 45,000 were assigned to the Siberian Union of Dairy "Artells", 45,000 remained to the society itself, and 10,000 were assigned to the Union's Commissioners in London.

The society deducts 2  $\frac{1}{2}$  % of the net proceeds from the sale of the butter to meet the cost of maintaining the offices it has established in London, Berlin and Vindau.

The profits of the society are divided among the shareholders in proportion to the number of their shares, which are not paid up.

This co-operative organisation, which works splendidly, has enabled the butter manufacturers of Siberia to become quite independent of foreign speculators, formerly all-powerful in the whole country.

The work of the Siberian Dairy Societies' Union has besides not been limited to the foundation of the large London Society. In Siberia itself the Union has founded 400 co-operative warehouses for the purchase of various goods required by the local "artells". The members of the "artells" bind themselves to make all their purchases from the "artell" warehouse, the

ols of which are supplied by the Union. The profits, instead of being apportioned among the members of the "artell", are all added to the working capital of the warehouse. Several warehouses, consequently, have soon come to have very considerable funds at their disposal.

The total sales of all the co-operative warehouses of the Union have now reached the amount of 4,500,000 roubles. The foreign sale of butter has reached the enormous figure of 15,000,000 roubles.

The Union co-operative warehouses obtain their supplies from three large storehouses at Kurgan, Kamnia and Bernal. These, in their turn, are supplied directly by the manufacturers, unless they prefer to procure what they need with the help of special co-operative organizations. Thus all the felt shoes sold by the Union warehouses in 1913 were made by a special "artell" established at Perunovo. The knives and locks also were supplied by another "artell". Finally, the tobacco comes in the main part from the co-operative plantations of the Union itself.

In certain special instances, this tendency to extend its sphere of action beyond the limits of dairy farming, has led the Union to engage in very extensive undertakings. Let us mention, for example, the co-operative cultivation of grain, to which the Union had contributed up to November 1st., 1913, 517,387 pounds (8,500,000 kgs.) of seed.

Let us finally mention another class of work inspired by it and even more directly connected with the interests of dairy farming. In the spring of 1913, as the Navigation Companies of the River Obi had considerably raised their tariffs both for freight of goods and transport of passengers, the Union hired two tugs and a certain number of boats and began itself the transport of its members and their produce. The profits made in this way were considerable and last Autumn this new enterprise became a permanent thing, a steamer having been purchased specially adapted for the transport of dairy produce.

This manifold action of the Union is carried on with the help of very extensive propaganda. For the purpose the Union publishes a small called: *Narodnaja Gazzeta* (The Popular Gazette) printed by its own press. It also publishes pamphlets for purposes of propaganda and distributes many thousands of copies. It has also in its service lecturers on co-operation, so that its programme may be made known in the remotest parts of the country.

The results already obtained constitute, however, the best argument in favour and in support of the Union. Already very popular in Siberia, the Union is daily increasing the number of its adherents; the useful services it renders are a guarantee of its sure and brilliant future.

(Summarised from a study by K. Sustaltsch, published in the "Vestnik Mekhovo Kredita", of March 1st., 1914).

\* \*

2. -- MATERIAL SUPPORT AFFORDED BY THE RUSSIAN GOVERNMENT TO THE POPULAR CREDIT INSTITUTIONS.—On May 1st., 1914, the Russian Government had placed at the disposal of the various institutions of popular credit a total amount of 258,854,100 roubles (688,551,996 frs.); of this amount 213,423,400 roubles were for short term loans and of this amount 38,643,500 roubles were lent on the security of grain. The formation of the share capital of the various institutions absorbed 45,430,700 roubles, of which 6,743,100 roubles were supplied by the Imperial Bank of Russia, 2,335,800 roubles were provided out of the funds of the management of small credit, and, finally, 36,351,800 roubles were provided out of those of the Government Savings Banks.

In order to give the reader an exact idea of the importance of Government action in behalf of popular credit, we publish below a table showing the distribution of the above sums among the various credit institutions, compared with the corresponding amounts for the previous year (1) and the number of popular credit institutions on May 1st., 1913, and May 1st., 1914.

(1) See *Bulletin of Economic and Social Intelligence*, N° 9 (September) 1913, page 1.

Popular Small Credit Institutions	Number of Institutions		Long Term Loans in Roubles		Short Term Loans in Roubles		Total Receipts	
	May 1st, 1915	May 1st, 1914	May 1st, 1915	May 1st, 1914	May 1st, 1913	May 1st, 1914	May 1st, 1913	May 1st, 1914
	Increase	Increase	Increase	Increase	Increase	Increase	Increase	Increase
Co-operative Credit Societies (Russian system) (1)	8,340	9,660	1,460	28,889,500	35,577,700	6,380,500	115,885,500	163,389,200
Co-operative Loan and Savings Banks (Schnell-Debitzsch System) *	3,158	3,86	426	3,595,300	4,539,600	944,300	21,312,700	30,539,700
Zemstvo Popular Credit Banks *	158	28	42	2,575,500	3,318,600	742,500	9,653,000	15,038,600
Local and Savings Banks of the Rural Communities *	5,021	5,050	60	7,681,600	5,043,400	1,031,500	31,25,600	4,423,500
Unions of Small Credit Institutions *	12	13	1	320,000	330,000	10,000	—	220,000
Total in France	16,689	18,759	2,160	37,261,900	45,430,700	8,165,800	159,007,200	213,423,400
Total in France	—	—	—	92,166,54	120,845,662	21,72,4005	329,019,153	467,706,444
								68,657,092
								495,135,506
								685,551,996
								190,416,109

(1) See *Bulletin of Economic and Social Intelligence*, 1914, No. 1, p. 22.

As we see from this table, the Government contribution to the development of popular credit last year amounted to 71,585,000 roubles (190,416,666 frs.), of which 8,168,800 roubles represented long term credit loans and 63,416,200 roubles short term credits.

In the same period of time the number of small credit institutions increased from 16,689 to 18,789 or by 2,100 institutions.

(Summarised from the *Bulletin*, 1913, № 9 and the *Vestnik Melkovo Kredita*, № 19, of May 16th, 1914).

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3. — DEVELOPMENT OF CO-OPERATIVE CREDIT SOCIETIES IN RUSSIA AT THE END OF JANUARY 1ST., 1914.—The first association in Russia of co-operative character, a loan and savings society, dates from 1865. The movement was scarcely favourable to the development of this class of associations and in the following forty years, from 1865 to 1904, the total number of societies of the kind in all the Empire, exclusive of Finland, was hardly 3,000.

The situation began to change in 1904 and in ten years from that date the progress of co-operative association in Russia has been so great that to-day Russia occupies one of the first places in the world as regards co-operation. In fact, the total number of Russian co-operative societies had increased from scarcely 3,000 in 1904 to 30,000 on the first of last January.

We have just seen that the first Russian co-operative society was a credit society. And it is also in respect to credit that the general co-operative development has been most important. In 1904, Russia had altogether 378 co-operative credit societies, she has to-day almost *forty* times as many that is to say 14,003 (on January 1st., 1914), 9,535 being of what is called the "Russian" type and 3,648 of the Schulze Delitzsch type (1).

And this progressive movement shows no tendency to abate, as is shown by the figures in the following tables we reproduce from the official review of the General Department of Small Credit Business "Vestnik Melkovo Kredita" of last March 21st. (O. S.), No. 12.

(1) For further details with regard to the differences between these two classes, see the number of this Bulletin for January, 1914, the article of M. S. Borodavsky on "Co-operation in Russia".

## I.

*General Statement of the Various Classes of Russian Co-operative Credit Societies at the Beginning and End of the two half Years of 1913.*

	January 1st, 1913		July 1st, 1913		January 1st, 1914	
	Total	Percent- age	Total	Percent- age	Total	Percent- age
<i>Liabilities.</i>						
State Capital and Re- serve Fund, . . .	80,490,600	17.2	106,514,000	17.5	102,074,000	16.6
Government Loans . . .	57,851,600	12.3	111,835,800	18.3	82,840,000	13.5
Deposits . . . . .	321,165,200	68.5	380,412,300	63.3	417,129,000	68.0
Miscellaneous . . . .	9,227,600	2.0	5,146,000	0.9	11,075,000	1.9
Total . . . . .	468,735,800	100.0	610,209,000	100.0	614,018,000	100.0
<i>Assets.</i>						
Bills and Cash in Hand . . .	54,021,000	11.5	54,466,100	8.9	68,471,000	11.1
Loans . . . . .	397,277,200	84.8	519,435,000	85.1	517,578,000	84.3
Real Estate and Miscellaneous . . . .	17,436,800	3.7	36,307,900	6.0	27,969,000	4.6
Total . . . . .	468,735,800	100.0	610,209,000	100.0	614,018,000	100.0
Net Profit . . . . .	14,420,800	—	—	—	18,794,000	—
Net Loss . . . . .	342,700	—	—	—	3,372,000	—

## II.

*General Statement of Accounts for all the Russian Co-operative Credit Societies.*

	January 1st, 1913	July 1st, 1913	January 1st, 1914
Total Number of Co-operative Credit Societies . . . . .	10,997	12,261	14,141
<i>I. Co-operative Societies of Russian System.</i>			
Total Number. . . . .	7,967	8,947	9,631
Number of those Furnishing Statistics . . . . .	7,967	8,938	9,621
Number of Members Reported . . . . .	4,870,360	5,721,644	6,201,713
Balance (Roubles) . . . . .	213,411,700	310,966,800	305,357,100
<i>II. Co-operative Societies of Schulze-Delitzsch System.</i>			
Total Number. . . . .	3,930	3,371	3,371
Number of those Furnishing Statistics . . . . .	3,025	3,287	3,287
Number of Members Reported . . . . .	1,740,229	1,927,548	2,049,221
Balance (Roubles) . . . . .	255,333,300	291,142,200	308,410,000

## III.

*General Average Funds per Institution and per Member.*

	Per Institution (Thousands of Roubles)						Per Member (Thousands of Roubles)					
	Share Capital and Reserve Fund	Government Loans	Deposits	Miscellaneous	Total	Share Capital and Reserve Fund	Government Loans	Deposits	Miscellaneous	Total		
January 1st, 1913 . . . . .	7.3	5.3	29.2	0.8	42.6	12.2	8.7	48.6	1.4	11.3		
July 1st, 1913. . . . .	8.7	9.2	31.6	0.1	49.9	13.9	14.6	50.5	0.8	13.1		
January 1st, 1914 . . . . .	7.8	6.4	32.1	0.9	47.2	12.4	10.0	50.7	1.4	11.7		

NOTICES OF SOME RECENT PUBLICATIONS RELATING TO CO-OPERATION AND ASSOCIATION.

GERMANY.

ABEIN (DR.): *GESCHÄFTSERFAHRUNGEN VON WINZERGENOSSENSCHAFTEN*. Dargestellt auf Grund einer Rundfrage des Reichsverbandes der deutschen landwirtschaftlichen Genossenschaften. Deutsche landwirtschaftliche Genossenschaftsbibliothek, 22 Band. (*Experiences of Vinedressers' Co-operative Societies, according to the Results of an Enquiry of the National Federation of German Agricultural Co-operative Societies. Library of German Agricultural Co-operation, 22nd, volume.*). Berlin, 1914. 55 pages.

The above publication is the result of an enquiry conducted by the National Federation of German Agricultural Co-operative Societies with the object of ascertaining the causes of the frequent failures among the vinedressers' co-operative societies. Dr. Crabcin, in accordance with instructions received from the Federation, has summarised the answers received from the co-operative societies and from the federations to a schedule of questions sent out by the above Federation itself.

He subdivides the causes of success or failure of the vinedressers' co-operative societies generally into four classes, namely; 1st. local conditions of viticulture and the wine trade of a natural and economic order; 2nd. general economic organization of the societies; 3rd. mode of working their technical establishments and methods of farming; 4th. commercial methods.

The results of experience, as set forth in this study, will serve for the instruction of other co-operative groups. The conclusions arrived at as to the importance of the scientific conduct of the business, the necessity of the society having sufficient capital, the establishment of the purchase price and the organization of sales, may be in many respects useful to other classes of co-operative societies for production and sale.

We shall deal with this publication in greater detail in a future number of this Bulletin.

WUTTIG (DR. JUR.), Member of the Presidential Committee of the General Federation of Rural Co-operative Societies for Germany: *VERSICHERUNGS-UND GENOSSENSCHAFTSWESEN ALS WECHSELSEITIGE HILFSORGANISATIONEN. EINE GESCHICHTLICHE STUDIE*. Deutsche Eintrichtige Genossenschaftsbücher, Band 5. (*Insurance and Co-operative Systems of Mutual Assistance. A Historical Study. German Rural Co-operative Systems Volume 5*). Berlin, 1914. Edition of the General Federation of Rural Co-operative Societies for Germany. 8vo, 168 pages.

In this study the author considers the attempt made by Fr. W. Raiffeisen, to utilise, with the object of popularising life insurance in the country, the co-operative organization he founded and, also, to enable that organization to utilise for purposes of co-operation the reserve premiums of any insurance institution to be founded. By means of a close organization between the co-operative organization and life insurance, Raiffeisen intended to promote the foundation of an entirely new economic organization by means of which the principles of mutual assistance inherent in co-operation and insurance would attain their fullest development. In spite of every effort, Raiffeisen's schemes had but a very limited success. Notwithstanding this, Dr. Wuttig's analysis is of considerable interest, as it calls attention to one of the most striking ideas of the founder of the German co-operative movement. The study under consideration further contains a retrospective account of the work really performed by the Raiffeisen banks and the other German co-operative organizations in relation to insurance, since the above idea was conceived in Raiffeisen's mind up to the present date.

UNION NATIONALE DES LAITERIES BELGES. Extrait du Recueil des Actes des Unions professionnelles. Annexe au *Moniteur Belge* du 18 octobre, 1913. Acte N° 2843, 19 p. (*National Union of Belgian Dairies. Extract from the Collection of the Proceedings of the Professional Unions. Supplement to the Moniteur Belge of October 18th., 1913. Proceedings N° 2843, 19 pp.*).

This extract contains the rules of the *Union Nationale des laiteries belges* (National Union of Belgian Dairies), as well as the list of the members of the board of management of the union. The object of this Union, as we know, to guarantee the purity of the produce of its members, to advance the dairy industry and defend the professional interests of its members.

The rules are published in two languages : French and Flemish.

PRATT (EDWIN A.): AGRICULTURAL ORGANIZATION. ITS RISE, PRINCIPLES AND PRACTICE ABROAD AND AT HOME. P. S. King & Son, London, 1914, cheap edition 1/-, 163 pp.

The author, who has published several other books upon agricultural economic questions, in this book sets out in a brief, popular, concise and clear form the progress of the co-operative principle in agriculture generally. It

urges the necessity for such organization and explains its aims. After dealing with the situation in most of the chief countries of the world, he considers in more detail the position in the United Kingdom. He insists that the forms of agricultural organization more especially called for in Great Britain are (1) economic production (2) contribution for transport (3) scientific marketing. There are over 50 pages of interesting matter dealing with the ups and downs of the Agricultural Organization Society of England and Wales.

REPORT OF THE IRISH AGRICULTURAL ORGANISATION SOCIETY FOR THE YEAR ENDING 30TH JUNE 1913. Dublin 1914. The Sacville Press.

This Report, which contains statistics for 1912 of the agricultural co-operative societies in Ireland, shows that such societies numbered 947 and had a membership of 101,991, while the turn-over amounted to £ 3,205,189.

The development of the various classes of society is passed in review. Chief amongst these are the co-operative creameries, which numbered 329 and the agricultural credit societies, of which there were 234. The terms upon which the Irish Agricultural Organization Society has received grants from the Development Commissioners are stated and the hope is expressed that the agricultural co-operative movement in Ireland will proceed more rapidly along new ways hitherto barred by want of funds. We shall have occasion to draw largely upon the information contained in this Report when describing, in an early issue of the Bulletin, the progress of agricultural co-operation in the United Kingdom.

REPORT OF THE SCOTTISH AGRICULTURAL ORGANISATION SOCIETY FOR THE PERIOD FROM 31ST DECEMBER 1912 TO 31ST DECEMBER 1913. Edinburgh, 1914. Turnbull and Spears.

The growing importance of the agricultural co-operative movement in Scotland is illustrated by the change in form of the Annual Report of the Scottish Agricultural Organisation Society; formerly a mere pamphlet it has now become a substantial book. The general review of the progress of the movement in 1913 is somewhat brief, but much valuable information is contained in the Appendices, which include not only the statistics (as far as it was possible to collect them) of the 124 affiliated societies, but the actual reports and balance sheets of a large number of these societies. We shall refer further to this Report in a future issue.

SMITH (HERBERT A.) *THE LAW OF ASSOCIATIONS, CORPORATE AND UNINCORPORATE*  
Oxford 1914. The Clarendon Press. 8vo., XV + 168 p.

In this essay the author examines the English law relating to the rights and liabilities of men acting together in association, with a view to ascertaining whether it recognizes any general principles. The result of the search is, in the main, negative. It is urged, however, that the law is not concerned with the conception of collective personality, but is always prepared to define, according to principles which are reasonable and easily understood, the rights and liabilities of those who act on behalf of associated individuals.

BRITISH INDIA.

GOVERNMENT OF INDIA. Department of Revenue and Agriculture. (*Land Revenue*). Resolution Relating to the Progress of Co-operative Societies. Dated Simla, the 17th June 1914.

This Resolution deals with co-operative societies in India and is an excellent critical examination of the growth of the co-operative movement during the ten years which have elapsed since the passing of The Co-operative Credit Societies Act in 1904.

The resolution, which is in fact a Report or Memorandum extending to twenty full pages, does not confine itself to tracing the progress of Co-operative Societies from 1904 to 1914. It indicates the benefits which the co-operative movement, wisely directed, may be expected to confer on India as well as the dangers to be avoided; discusses a number of questions of administrative detail; examines to what extent State aid has been and should be rendered; and, finally, considers how far district officers who have no direct connection with the Societies should utilize this new movement in the national life. The ten year period which has just closed has been largely one of experiment and consolidation, yet the growth of the movement has been astonishingly rapid. To-day there are more than 12,000 Societies with nearly 600,000 members, and Co-operation has "firmly established itself as a powerful factor in the material and moral welfare of the people".

## Part II: Insurance and Thrift

### GERMANY.

#### THE BAVARIAN HAIL INSURANCE INSTITUTE.

by Dr. GIUSEPPE ROCCA.

As proposals have been recently made in various States for the foundation of public hail insurance institutes, for the more extensive diffusion of this kind of thrift among farmers, it will not be out of place to give an account here of the origin, working and results attained by the Bavarian Hail Insurance Institute, to which many of the above proposals directly owe their inspiration. As it was founded in 1884, it has already been working thirty years and consequently a careful enquiry into its technical, administrative and financial organization may interest all engaged in the general organization of hail insurance. Most of the information we shall give publish has been courteously supplied to us by the Presidential Bureau of the Institute, on occasion of a visit paid by us in 1911, and in reports and notices forwarded to us. The head quarters of the Bavarian Hail Insurance Institute are at Munich, in the building of the Royal Bavarian Insurance Chamber (*Königliche Bayerische Versicherungskammer*), of which the Hail Insurance Institute is a division, the other three being iv. cattle and goat, and horse insurance.

In the following pages we shall first of all examine the law of February 13th., 1884, by which the hail insurance institute was founded, and then how, by means of statistics, the progress made by the Institute, finally summarising the conditions on which it insures and the principles now inspiring its management.

**§ 1. ORIGIN OF THE LAW OF FEBRUARY 13th., 1884,  
FOUNDING THE INSURANCE INSTITUTE.**

As we see from the publications of the Royal Bavarian Statistical Office, there are frequent serious hail storms in the whole of the Kingdom. In the period between 1879 and 1909, 13.2 % of all the Bavarian communes, on an average, were damaged by hail each year; in the various districts, the percentage of communes damaged during the time was:

Upper Bavaria . . .	19.4 %	Upper Franconia . . .	10.3 %
Upper Palatinate . . .	15.8 %	Middle Franconia . . .	10.3 %
Swabia . . . . .	15.2 %	Lower Franconia . . .	9.0 %
Lower Bavaria . . .	13.7 %	Palatinate . . . . .	5.2 %

The Statistical Office calculates that in the years from 1879 to 1909, on an average, more than 3 % of the cultivated area of Bavaria was annually damaged by hail; from 1879 to 1909 the total economic loss through hailstorms might be calculated at 270,350,000 mks., with an annual average of 8,700,000 mks.

There are no complete statistics on the frequency and seriousness of the hail storms for the years before 1879, but whoever desires to examine the variations in this risk during the time, may make use of the figure published with regard to the reimbursement of the land tax allowed, in terms, of the law of July 1st., 1834, to those suffering by hail. This law, starting from the principle that an appreciable unexpected diminution of the harvest would make it more difficult for the landlord to pay the land tax, allowed relief from the tax in cases in which the year's yield from the farm subject to taxation was reduced by a fourth by hailstorms in a single commune, or when it fell short of the usual annual yield in the same proportion. So from the financial year 1835-1836 up to 1880 the relief from taxation granted by the Bavarian Government amounted in all to 2,052,246 marks, with an average annual loss to the Treasury of 45,665 marks; on the annual amount of about 11,500,000 marks the relief granted therefore came to 0.4 %.

The idea that the State could with advantage undertake hail insurance in the interests of agriculture had often been expressed in the agricultural circles of Bavaria and had been discussed in Parliament even several years before 1884. It won more and more favour, not only because the private insurance businesses transacting hail insurance in Bavaria, in view of the serious risks peculiar to the country, often asked very high premiums or refused to cover the risks for particular crops or in particular communes, thus giving rise to complaints and disputes, but also because the State Fire Insurance Institute, founded in 1811 and reformed by law of 1875, had proved of considerable advantage for the policy holders.

The Minister for Home Affairs, Baron von Feilitzsch, in answer to a question of the Deputy Geiger's in November, 1881, declared that the Government was disposed to improve the conditions of the landowners in the matter of hail insurance and to study the basis for a bill for the purpose.

The question with regard to the organization of the New State Institute which gave rise to most discussion was whether the insurance should be compulsory or not. The Central Commission of the Agricultural Association, after keen discussion, decided against the principle of compulsion and the Government considered it best to accept the principle of voluntary insurance, expressing its reasons as follows in the bill: "If the bill does not provide for compulsory insurance, that is due to the following considerations: first of all, it is clearly proved that the risk of hail varies very considerably in the several regions and districts of the kingdom. If it were decided that all the land holders must insure, many of them would have to make sacrifices they are not prepared for; the payment of the hail insurance premium would be regarded by these as only an additional burden, a permanent increase of taxation not offering them any corresponding economic advantage. Besides, we have not as yet sufficient experience to be able to lay down exactly in the law the rights and duties deriving from the acceptance of such a principle for the institute or for the policy-holders, such as was gained before the promulgation of the 1875 law on fire insurance of real estate (1). On the other hand, the new public hail insurance institute must develop gradually and therefore it cannot assume from the start a financial burden and risk, the extent of which cannot be exactly determined, for want of sufficient data."

And it must be pointed out that even after the foundation of the Institute, the Bavarian Government has remained faithful to the above principles refusing the demands of deputies for a reform of the law in the sense of making hail insurance compulsory. "It is not to be doubted," declared the Minister for Home Affairs, von Brettreich, in 1910, "that for a large number of farmers, who never suffer loss through hail, it would be a serious burden if they were compelled to insure. I do not think compulsory insurance would meet the desires of the majority of farmers."

Thus in the Bill for the foundation of a State Hail Insurance Institute, laid before the Chamber of Deputies on September 24th., 1883, by the Minister, Baron von Feilitzsch, it was declared that the Institute must be founded on the following basis: "optional insurance; exercise of the business in competition with the societies; payment of claims in accordance with mutual principles; fixed premiums and no supplementary charges; management of the institute by the Royal Fire Insurance Institute; maximum reduction of the costs of management, by means of suitable simplifications of the procedure of valuation."

The bill, after being examined by a special Commission was approved

(1) Art. 3 of the law does make fire insurance compulsory for some kinds of buildings.

by the Chamber on January 10th, 1884 by 151 votes against 2. On March 1st. of the same year, the Institute began working.

Before 1884 there were already several private societies undertaking this branch of insurance in Bavaria, three being societies limited by shares and four mutual societies; the farmers insured with these societies were about 12,000 in all. After the foundation of the State Institute, either on account of its competition against them or of serious losses incurred, several societies ceased working in Bavaria. Thus, among the societies limited by share, the "Vaterländische", which was authorized to work in 1879, ceased to undertake risks in the State in 1908, the "Magdeburger", authorized in 1886, ceased to work in Bavaria in 1909, and the "Union" ceased to do so in 1886. Among the mutual societies, the "Allgemeine Gesellschaft" withdrew from Bavaria in 1891, the "Hagelversicherungsverein" which only worked in the Kingdom of Bavaria, was dissolved in 1894, transferring 1,890 risks to the State Institute and only two large mutual societies, which undertake risks in the whole of Germany, the "Borsig" and the "Norddeutsche", respectively authorized for work in Bavaria in 1875 and 1879, still continue to undertake hail risks there.

## § 2. ADMINISTRATIVE AND TECHNICAL ORGANIZATION OF THE INSTITUTE.

(a) *It is an Institute in Public Law organized on Mutual Principles.* The Hail Insurance Institute is a State Institute, managed by the Fire Insurance Institute and under the supervision of the Home Office. As a foundation in public law, it has civil personality and is exempt from taxation. Its operations are limited to the Kingdom of Bavaria and the kind possessed by Bavarian citizens in other States cannot be insured with the institute.

Art. 1 of the law 1884 declares that it is founded on mutual principles which mean that the policy holders themselves must support all or most of the expense of insurance and management. This expenditure is to be divided equally among them, but the premiums are graduated according to the special risks of each locality and each kind of crop.

The Institute has large discretionary powers as regards accepting applications to insure. It may refuse, without the applicant having any means of appeal against its decision. This provision was made to prevent the accumulation of risks in small localities and their not being distributed uniformly as the technique of this branch of insurance demands. The

(1) By virtue of the act of November 23rd, 1870, supplementary to the Convention of Versailles, relating to the participation of Bavaria in the constitution of the German Empire, the Hail Insurance Institute (being an organisation in public law and hail insurance being considered as insurance of real estate) is not subject to the laws of the Empire of May 12th, 1901 on the supervision of private insurance undertakings and May 30th, 1908 on insurance contracts.

Institute was therefore authorized by the law to establish maximum risks for each commune or region, in excess of which insurance will not be undertaken in that region. These maximum risks are fixed with due account taken of the area cultivated, the seriousness of the risk, the amounts assured and the reserve fund of the institute. But, with the extension of operations to the whole kingdom, the uniform distribution of the risk has come to be always more secure, and, as the reserve fund has appreciably increased, the precaution of fixing maximum risks has lost more and more of its importance, and thus in 1909, for example, the maximum risks were only applied on 124 communes in 8,000.

(b) *Independence of the Management of the Institute ; the Powers of the Commune.* — As already pointed out, the Management of the Hail Insurance Institute is entrusted to the Fire Insurance Institute, which also represents it in law. In this way, the expense of management is reduced to a minimum ; in fact, as in the hail branch the accounts are closed in September, when the danger of hail storms is nearly over, so the heavier work of the management for the two branches does not come at the same time and may be despatched by the same officers.

However, the books are kept separate and the Hail Institute funds must be separately administered and invested exclusively for the objects of the Institute itself. The balance sheet must be published every year after having been approved by the Home Office.

The communes have the same duties to discharge as private insurance agents. The law declares that the communal authority is obliged, on request of those concerned, to receive applications for insurance, and for fresh estimation of damages and notices of withdrawal, and forward them to the Management of the Institute. The policy in which the Institute declares its acceptance of the risk on payment of a definite premium must be notified by the Commune to the person concerned, and must be signed by him. The Communes are directly responsible for losses third persons may suffer through delay in transmission to the Institute of applications for insurance or other acts.

It is for the Management of the Institute to fix the rules for acceptance of risks, reporting and estimation of losses, entrance fees, premium rates and payment of claims. For the establishment of the premium rates, the communes of the kingdom are divided every year, in accordance with the statistics of hail storms, into so many classes corresponding with the degrees of risk ; in 1913, the Management of the Institute decided to form 52 classes of risk instead of 25, as at first, and this change led to the compilation of new tables of premium rates for most of the communes concerned. Out of 7,982 communes, 4,025 obtained a reduction of the premium rate, at least for some kinds of crops.

This annual classification of the Communes, is one of the most difficult and delicate tasks that the Management of the Institute has to perform ; it presupposes, in the first place, a regular service of statistics of losses due to hail in each commune. In order to subdivide the communes in accordance with the different classes of risk, in the first place it is

necessary to determine the proportion of the amount of the losses in the commune to the amount assured for each of the preceding years and then to fix the average of the proportions so obtained; in this way, the amount of the risk is fixed independently of the annual variations of the amounts assured, and, therefore, if after a serious disaster some of the policy holders of the commune withdraw from the Institute, those who remain will not suffer in any way.

From one year to another, according to the results of the statistics, the class in which a commune is included may vary: the commune of Gressenvöhr, for example, which from 1884 to 1901 was included in the class I.-b, in 1902 and 1903 belonged to II, in 1904 and 1905 to III, in 1906 to III.-b, in 1907 to IV, in 1908 to IV.-a, in 1909 to V.-a, in 1910 to V.-b, and in 1911 to VI.-a.

The law gives the communes no means of objecting to the classification established by the Institute, in accordance with which the premiums are fixed for the policy holders whose land is included in the commune. Notwithstanding that sometimes protests have been made in the papers and in the Bavarian Chamber on the part of communes that consider the premium rates fixed for their territory too high and although there are not wanting, on the part of the policy holders, attempts to influence the classification by means of withdrawals or denunciations of contract, yet this is the only system that corresponds with the principles of mutuality as rightly understood, by which the premiums must be fixed in each commune in proportion to the losses occurring in the territory.

Every policy holder who considers he has a right to reduction of the premium rate (which, in each commune, is graduated in accordance with the kind of produce subject to the risk), may make application for it, before the first of January of each year, to the Management of the Institute; the Management considers the applications, compares them with the statistics, and about the middle of February notifies the communes in what class the risks are to be included in the ensuing year which begins on March 1st. The policy holders who consider the rates too high and prefer to denounce contract may do so before March 1st.

(c). *Advisory Commission.* — *Arbitration Commission.* — As already indicated, the Bavarian Institute employs no agents to obtain new business for it; to increase the number of its policy holders, there suffices the propaganda carried on by the public, district and communal organizations and the agricultural associations to which the Institute despatches in large quantities prospectuses, statistical tables, and other publications by which the farmers may learn the advantages of hail insurance and of the terms offered by the Institute. In 1912, the Bavarian Government allowed hail insurance to be included in the programme of the people's rural schools and to form the subject of lectures delivered by the professors of holiday schools.

The principal work of the Management of the Institute is, on the one hand, devoted to bringing the statistics of losses to constantly greater perfection, and therefore constantly adjusting the premium rates,

and, on the other hand, to rendering the work of the estimation of losses more and more rapid and accurate. In the year 1910, in which hailstorms were frequent, the work of 458 experts was necessary (and took in all 4,400 working days); in 1911, the experts called on were 390 (working 3,600 days); in 1912, 360 (working about 2,550 days); in 1913 they were 418 working 4,092 days.

In addition to the Board of Management, an Advisory Commission was constituted by the law of 1884. It is composed of eight policy holders appointed for six years by the eight district councils of the kingdom, a representative of the Bavarian Agricultural Council and a Government Commissioner. The Commission must be called to meet at least once a year by the Management of the Institute and has as its president the President of the Institute himself or his representative.

The Management of the Institute is bound to consult the Commission: (1) when a part of the reserve fund has to be set aside for the payment of claims; (2) when it is necessary to amend the conditions of the insurance contract, or to change the amount of the entrance fee and the limits within which compensation is given. But the classification of risks and the preparation of the tables of premium rates is exclusively the business of the Management of the Institute.

The Commission must also pronounce in case of the reduction of claims; it must establish a list of expert judges to whom the second valuation is entrusted (while the Management in each case selects the expert man among those entered on the list); and, finally, must examine the balance sheet of the Institute. Precisely for this purpose it generally meets towards the end of September every year.

For the decision of certain classes of controversies that may arise between the Institute and the policy holders, and specifically, (a) in case of the refusal of a claim by the Institute, on account of delay in reporting the loss; (b) in case of appeal against the amount of compensation fixed, after the second valuation of the loss; (c) in case of the refusal of a claim owing to the policy holder having failed in some duty involved in the insurance contract; the law of April 4th., 1910 has appointed a permanent Arbitration Commission at the Institute itself.

This Arbitration Commission, consisting of three members elected every year by the Advisory Commission from among its own members, is assembled by the Management of the Institute and there is no appeal against its decisions. The appellant has the right to be heard by the Commission.

In 1911 there were 26 controversies decided by this Commission; all the appeals were rejected as there was no ground for them. In the same year, in the following year, 15 appeals were presented against the loss of compensation through delay in reporting the loss and all had to be rejected, as the law strictly prescribes that report must be made to the competent authorities within the two days following that of the hail storm. In 1913 the appeals presented were 79, most of them (61) from only 5 communes and none of them could be allowed by the Commission, which, however,

in its composition, offers the policy holders the surest guarantee of ~~int~~ partiality.

(d) *Application for Insurance; Indication of the Crops for each Year of the Insurance or Insurance for an Average Amount; Termination of the Insurance.* — The insurance comes into full force from the day following that on which the Institute delivers the policy; and the policy is delivered the same day the application is accepted by the Institute. It is of importance that the policy should be already in the lands of the parties insured. Therefore, even if it is still at the Institute or at the Communal Office which has afterwards to deliver it to the policy holder and there is a hail storm the day after it is delivered, the policy holder has all the same a right to compensation.

The Institute has as many forms for applications as there are classes of produce to be insured; it is the duty of the communal officers to distribute them among the farmers and to see that they are properly filled in. On the form all the kinds of produce insured by the Institute are indicated and the rights and duties of the policy holder are briefly summarised. When signing the application, the farmer declares that he recognises the accuracy of the indications given by the Communal authority in regard to the name of the farms to be insured, the area, the kind of crops cultivated and the class of income corresponding with the value of the crops themselves. For every kind of crop various classes of income are fixed, from 300 mks. per ha., with increases of 100 mks.; for example, 4th class of income for 400 mks. value of produce, 6th class for 600 mks. etc.

The policy holder must state in which class he wishes to insure his produce, and write on the application form the figure corresponding (for example 4, if he thinks that 400 mks. is the real value of the produce 16 if he considers the value may be reckoned at 1,600 marks, etc). Up to July 10th., and in the case of vineyards and market gardens, flower and nursery gardens up to August 10th., the policy holder may, however correct his application and enter his produce in a different class.

In the application statement must further be made whether the produce to be insured has already been injured by hail during the year in course.

All Bavarian crops, including hops, tobacco and vines, which are among the plants most liable to suffer from hail, may be insured in the Institute as also the produce of gardens, market gardens, nursery gardens and vine yards.

Finally, in the application, indication must be given of the class of risk fixed for the Commune in the territory of which the farm to be insured is situated, as well as the class of risk established for the produce to be insured, due account being taken of its liability to suffer by hail. The Institute, on receipt of the application, having determined the amount of the insurance in accordance with the area cultivated and the class of income selected, enters on the policy the premium payable by the policy holder for the year in course. In addition to the premium, each new policy holder must pay an entrance fee of 20 pfennig for every hundred marks.

assured ; those who are already insured must pay at the same rate if the amount assured is increased.

The policy holder may make objection to the premium fixed, within a fortnight from date of receiving the policy from the communal office.

Every policy holder must send the Institute every year before the fifteenth of May, through the Communal Office, a return, of the produce he intends to insure in the year, with the same details as are required for the application. If he has not sent it on May 15th., the return shall be made by the Institute itself, but at his charge and if, in the meantime, a hailstorm occurs, the claim is paid in accordance with the return sent the previous year. The object of this rule is to prevent the policy holder delaying to the last moment to send the return so that if the farm does not again suffer by hail he will only insure what is strictly necessary and place his produce in the lower classes of income so as to obtain a reduction of the premium ; in the case of a loss, on the other hand, he might not only select the higher classes, but include in the insurance also the produce most liable to be damaged by hail, so as to have a larger claim.

But the above rules are an obstacle to this speculation.

The policy holder must advise the Institute of any increase to or diminution of his farm, with indication of the person from whom the addition was acquired or to whom transfer was made. The insurance loses none of its force through a change of ownership, but the new owner succeeds to the rights and duties of the original policy holder ; in fact the risk of the Institute remains unchanged, and the new owner is responsible to it for payment of premiums due and arrears. Generally, however, the person is held liable in the first place who was in possession of the produce insured at the time of the hailstorm and could have claimed compensation : thus, if the change of ownership took place shortly after a storm, the first possessor may claim compensation.

The rule is worth mentioning by which all the crops must be insured, and hence not only the principal produce but also secondary products. Thus, if a farmer who grows grain wants to insure with the Institute, he must insure all his produce ; he cannot, for example, insure hops without insuring grain, or insure his wheat and not his rye. If, however, besides grain he has other crops, he is at liberty to insure them or not, but he cannot insure only a part of any particular crop. If, for example, he insures a field of grain, he must likewise insure all his fields of grain, or he will lose his right to compensation. In this way, by insisting on the insurance of the less important produce, the straw, branches and stems of every plant cultivated, and obliging the policy holder to insure all the farms on which he cultivates the particular crop, the Institute prevents the farmer only insuring the produce most liable to suffer by hail and the fields most exposed to damage from it.

The same rule, that the whole of the produce must be insured, applies also in the case of other kinds of produce insured with the Institute, that is the produce of gardens, market gardens, nursery gardens and vineyards.

However, in view of the variety of these products, a return of the different kinds of plants cultivated is not required, as in the case of other farms; but it suffices that the policy holder shall mention the total value of the annual crop and state for what amount he intends to insure it. This amount must be equal to or less than the real value of the crop; however, it may not be less than one fifth of it, and in any case the policy holder has the right to correct the figures given for the value of the crop and the amount assured, provided he makes application to that effect before the tenth of August, that the farms have not yet suffered from hail in the year in course and the alteration corresponds with the real value. Finally, if the total value of the garden, market garden, nursery garden, or vineyard produce to be insured exceeds 6,000 marks per ha., the Institute may demand that the policy holder shall himself bear the half of the risk.

Instead of requiring every year a return of the produce to be insured in 1866 the Institute was authorized to allow policy holders of more than three years' standing to continue insuring their produce for an average amount calculated on the returns of the previous years. This system, which was only applicable in the case of those crops, the yield of which is most regular and not to the produce of greater value and most liable to suffer by hail, such as tobacco, hops etc., presented the advantage of saving the Management of the Institute the labour of calculating every year the amount of insurance and the corresponding premium for all the policy holders.

But in practice it too often gave rise to controversies in case of losses, rendering the work of estimating the damage more complicated and more expensive; therefore, recently it has been decided gradually to denounce the contracts passed in this way and to continue with the system of annual returns only.

The insurance terminates, with the withdrawal of the policy holder or with the denunciation of contract on the part of the Institute. The withdrawal and the denunciation only affect the next insurance year, and, as the insurance year begins on March 1st., the declaration of withdrawal must reach the Institute at least on the last day of February. It must be presented at the communal office on a special form. If the policy holder only intends to cease insuring some of his produce, he need not present a declaration of withdrawal, he need only, in his return for the year, cancel the particular produce on the list of crops to be insured.

Denunciation on the part of the Institute is generally the consequence of the policy holder not paying his premiums when due and against the decision in regard to it there is no appeal.

If the policy holder does not withdraw and the Institute does not denounce contract, the insurance continues into the next year, without any new declaration on the part of the contracting parties; only the amount assured and the corresponding premium may change according to the description of the crops sent by the policy holder. It is rightly observed in the report on the bill for the foundation of the Institute, that it is desirable that the insurance should continue for several years, not only because

the renewal of the contract entails an increase of work for the Institute, but also because a certain stability in the number and class of the policy holders will advance the objects of the insurance, without considering that the farmer, once insured, need not pay a new entrance fee.

(e) *Payment of Premiums; System of Fixed Premiums; Reduction for Policy Holders of Some Years' Standing.* — As already indicated, the premiums are fixed for each commune in turn, in accordance with the class of risk, established for the locality and the liability of the produce to suffer by hail. Every year the classes of risks are considered and the Institute carefully examines every application for registration in a lower class of risk that reaches it before the first of January. For the calculation of the premiums, the communes of the kingdom are divided, as above said, among 52 classes of risks ; in each class the premium varies with the produce to be insured.

The following table shows the eight classes of risks, among which the kinds of produce insured with the Institute are divided, with a view to their liability to be injured by hail. The last class includes the most serious risks. The same table shows in what proportion to the principal produce the secondary produce must be insured.

*Classification of the Produce Insured with the Bavarian Institute.*

Class of Risk	Kind of Produce	Rules for the Insurance of Secondary Produce
1	Grass, Clover, Mustard, Cattle Food.	In case of two crops, it is presumed that the first is $\frac{6}{10}$ ths. and the second $\frac{4}{10}$ ths. of the assured value; in the case of three crops, the first is $\frac{5}{10}$ ths., the second $\frac{3}{10}$ ths. and the third $\frac{2}{10}$ ths.
	Wheat, Barley . . . . .	The Straw represents $\frac{3}{10}$ ths. of the assured value.
2	Maize, Lupines, Buckwheat . . .	The Straw represents $\frac{1}{10}$ th. of the assured value.
	Rye, Spelt, Oats, Mixed Cereals . . .	The Straw represents $\frac{3}{10}$ ths. of the assured value.
3	Leguminous Plants (Peas, Lentils, Beans, Vetches), Mixed Cereals and Leguminous Plants, . . .	The Straw represents $\frac{2}{10}$ ths. of the assured value.
	Root Crops (Potatoes, Jerusalem Artichokes, Beetroot for Cattle Food and Sugar Beet, Turnips, Carrots); Cabbages, Brussels Sprouts.	Compensation is only given in respect to the quantity and not to the quality of the produce.
	Oleaginous Plants (Colza and Poppy)	The Stalks represent $\frac{1}{10}$ th. of the assured value.

*Classification of the Produce Insured with the Bavarian Institute.*

Class of Risk	Kind of Produce	Rules for the Insurance of Secondary Produce
	Millet, Mustard . . . . .	The Straw represents $\frac{3}{10}$ ths. of the assured value.
5	Hops . . . . .	Only the Flowers are insured, the value of the Stalks as cattle food is not included.
	Oleaginous Plants (Colza and Poppy) at the date of the first threshing	The Stalks represent $\frac{1}{10}$ th. of the assured value.
	Textile Plants (Flax, Hemp) . . .	The Seed represents $\frac{3}{10}$ ths. and the Fibre $\frac{7}{10}$ ths. of the assured value.
6	Grass, Cattle Foods and Beetroot for Seed.	The Seed represents $\frac{8}{10}$ ths. and the Stalks $\frac{2}{10}$ ths. of the assured value.
	Vegetables, Salad, Horse Radish, Rhubarb, Onions, Potatoes, Cucumbers, Turnips.	For Horse Radish, Potatoes and Turnips, compensation is only given in consideration of quantity not of quality.
7	Vines after the Flowering Season.	They can only be insured from the fourth year after planting. The insurance only covers the grapes not the tendrils which must be separately insured. Compensation is given in respect to quantity not to quality.
	Tobacco for Pipes . . . . .	. . . . .
8	Vines before the Flowering Season.	The same rules apply as in the case of vines after the Flowering Season.
	Tobacco for Cigars . . . . .	. . . . .

This classification is also subject to continual revision on the part of the Institute. For example, up to 1912, the second class included besides wheat and barley also oats, but, as it was found that the latter suffered much more from hail than the other two crops, since 1912 oats have been included in the third class. Some plants, such as hops, tobacco and vines, in certain cases, have to pay a higher premium. However, the premium is always fixed, the farmer knows with certainty at the beginning of the insurance year, how much the insurance is going to cost him and he will not have—as often happens in the case of private insurance business—to pay supplementary premiums at the end of the year. The amount of such supplementary premiums depends on the losses in the year, and therefore there is this disadvantage connected with them that the farmer insured may be obliged to pay a large supplementary premium at a moment that may be least convenient for him. But in the case of the Bavarian Institute the premium is fixed at the beginning of the insurance year and is therefore due on the first of March; however, to facilitate payment, the law allows the amount it to be paid even seven or eight months after the beginning of the insurance year, that is in October or November, when the harvest is gathered and the farmer is more likely to have funds at his disposal.

If the produce of joint owners is insured, the law makes the co-proprietors jointly and severally liable for payment of the premiums.

The premiums are collected by the district tax collectors or by communal collectors who undertake to forward the amounts to the office of the district tax collectors.

In the pamphlets issued by the Institute for purposes of advertisement we read: "hail insurance premiums can never be low; for the damage done by hail to harvests is too frequent and too serious. The insurance societies, that are satisfied with premiums lower than those fixed by the Institute, damage their own reputation and expose their members to serious risks. If in any district premiums are always fixed too low in proportion to the risk, the other policy holders will suffer. The premiums of the Bavarian Institute can be as low as they are, because its working expense especially its expenses for agencies, commission, dividends and proportional payments are less than in the case of private businesses."

In 1913, the premiums were on an average fixed at the rate of 1.73 of the amount assured, while in the three preceding years 1910-1911-1912, the average proportion was respectively 1.78, 1.76 and 1.65 %.

That the premiums are so low, in spite of the seriousness and frequency of the hailstorms, is due to the subventions and fiscal exemptions, which will be mentioned below; however, whoever desires to compare the fixed premiums of the Bavarian Institute with those of other private businesses should consider that the former, as a public institute, cannot select its risks like the private businesses, but must, within the limits we have indicated, accept the maximum rates mentioned, as well as applications for insurance of farms situated in places most exposed to hailstorms. Besides, as the State Institute can only exercise its action within the limits of the king-

dom of Bavaria, it finds it more difficult to pay the necessary compensation for risks than the private societies.

Finally, the fact must be kept in mind that in good years when hailstorms are least frequent, the Institute grants its policy holders reductions or facilitations for payment of premiums. Thus in 1912 and 1913 the Management of the Institute, with the consent of the Advisory Commission, and of the Home Office, laid it down, — as was already done in 1893, in 1895, and in 1899 — that the policy holders who in the previous year had not declared any losses and from the date of their first insurance had paid altogether more in premiums than they had received in compensation, would have the right to a reduction of their premiums to the amount of 1 mark for every 50 mks. of the surplus for the year's working, in case of their having been insured for at least three years and a reduction of 2 marks for every 50 marks in case the insurance had lasted at least ten years. These reductions will be entered to the credit of the policy holders against the payment of the next year's premium.

In this way, the Institute reduces the cost of insurance especially for those inhabiting districts least exposed to suffer from hail, and those who, by not declaring small losses, occasion the Institute the least expenditure and who are really entitled to insurance at a lower rate. As we have observed, the Institute grants these reductions only in good years, when it has been possible for the claims for losses occurring in the current year to be paid in full and the excess of the revenue over the expenditure suffices for the reductions. In 1912 these reductions amounted to 633,900 marks, or 12 % of the amount of the annual premiums, and, in 1913, the Management of the Institute, considering that the reserve fund had been appreciably increased in recent years, granted reductions on premiums to the amount of 430,000 marks. When it is not considered prudent to grant them, the surplus revenue is placed to the reserve fund, which in 1913 amounted to about 15,000,000 marks.

(f) *Declaration of Loss; Estimation of Damage; Examples for the Calculation of Claims.* — In its pamphlets for purposes of advertisement the Institute recommends the policy holders after every storm, to visit all their holdings, even the most distant from their dwellings, to see if the crops have been damaged by hail. The law then provides that the loss must be declared in time, that is, at latest within the second day following that on which the hailstorm occurred. It is enough for the policy holder to advise the communal office verbally or in writing.

The term of two days in which to declare the damage is held sufficient, as in Bavaria small and medium sized holdings predominate, so that in two days the proprietor or his representative can easily examine the farm. If he allow the prescribed period to pass without declaring his loss, the policy holder loses his claim to compensation, unless the delay were not due to his negligence, of which the Management of the Institute is the judge. As the loss can be the more easily and accurately estimated the earlier the expert is sent to the place of the disaster, strict rules are laid down for the declaration to be made without loss of time.

For example, illness of the policy holder will only justify delay, if there was no other person (relation, servant etc) to whom he could entrust the duty of making declaration. Likewise, in case of his absence, the policy holder must provide for another person to assume his rights and obligations towards the Institute and especially the duty of inspecting the farms and declaring losses.

The Communal authority must communicate the declaration to the Institute within twenty four hours, even when there has been delay in declaring; if the harvest is already fully mature, so that the estimation of the loss must be made at once, communication may be made by telegraph or telephone.

It has already been indicated that the policy holder may appeal to the Arbitration Committee against the decision of the Institute when it declares his right to compensation forfeited through delay in declaring his loss; for the purpose of speedy valuation, the term allowed for appeal is always three days and no more.

To prevent declarations of slight losses leading to valuation expenses out of proportion to the loss itself, it is laid down in the conditions of insurance (i) that "no compensation is due for damage amounting to less than six per cent of the amount assured, for that part of the farm damaged". Further, the policy holder is always bound to bear a certain proportion of the loss himself; if the loss is from seven to nine per cent of the amount assured, he must pay 2% himself; if it is from ten to nineteen per cent, he must pay 3% and so on; for every additional ten per cent, he must pay 1% more. In the pamphlets issued by the Institute, it is mentioned that it is to the interest of the policy holders to prevent the declaration of losses of small importance, under six per cent, and it is added that such declarations only injure the reputation of the commune in regard to its risks. Further, policy holders, declaring losses for which it is afterwards found no compensation is due, have to bear the costs of valuation.

Therefore, if the policy holder is persuaded, before the expert arrives, that the damage is slight, he will be wiser to withdraw his declaration, so as to save himself the cost of the valuation. After every storm, the mayor or his representative, together with experienced farmers, should visit the districts of the communal territory that have suffered by hail, so as to obtain information as to the damage suffered and prevent baseless declarations. The Institute recommends the policy holders, in their own interest, to ask for this inspection.

The claim to compensation is reduced when the produce is already gathered and stacked or when the period in which the harvest insured

(i) The conditions now in force were approved by law of 4th. April, 1910, amending the previous conditions in several particulars, with the object of offering those insured with the Institute the same security, as that granted by the Imperial law of May 30th, 1902, on Insurance Contract to the policy holders of private insurance businesses working in Germany.

is generally gathered has elapsed; in the case of hemp, osiers, flax and garden produce, compensation is not given, when they have been pulled.

When the declaration appears justified, the Management of the Institute fixes a day for the visit of the expert, invites the farmer damaged, through the communal authority, to be present and has the amount of the loss estimated by expert judges. The experts are appointed by the Institute, in agreement with the district administrations and chosen among the farmers of the neighbourhood; in 1913, as has been mentioned, 418 experts were employed; they are not employees of the Institute, but, in order that the estimations may be made in uniform manner and to facilitate the visits, the Institute may send one of its employees as commissioner with the expert.

Sometimes the final valuation is not made immediately after the storm but only a little before the crops arrive at maturity, because only then can the effect of the damage on the quality of the crop be accurately determined; in these cases, the Institute arranges for a provisional examination, the results of which are not communicated to the policy holder so as not to raise baseless hopes of compensation.

After the hailstorm, the policy holder cannot, without the consent of the Management of the Institute, commence harvesting nor continue it before the expert's visit, and, in case of appeal, before the second examination he may not make any change in the produce damaged. Only hops, tobacco, vines, hood crops and garden produce must be treated after the hail storm just as if they had not been injured. However, even as regards other crops, in urgent cases, when a delay in harvesting would cause serious loss, the Institute may allow the produce to be gathered, provided there be left standing a portion, on every square yard, as a sample, or, if the harvest has already commenced before the hail storm, the land is left as it is.

The expert must first of all establish the identity of the farm damaged with that insured, and for this the policy holder is obliged to show him the certificate given by the cadastre, for the farm in question: he must facilitate access for him to the farm, furnish him with explanations of all the circumstances relating to the ownership of the farm, the value of the produce and the amount of the loss.

If from the examination it appears that the amount assured on the farm or nursery garden injured does not correspond with the real value of the produce, or with the total annual yield of the farm or plantation, compensation is granted in accordance with the lowest figure. This provision will be understood, when we remember that insurance must not be a source of gain for the party insured, while if the amount assured were more than the value of the crops injured and compensation were given in accordance with the amount assured, the policy holder would profit by the difference. Thus, also, if the amount assured were less than the real value of the produce damaged and compensation were given according to the value, the policy holder would gain as he would have saved on the premiums, by transferring to the Institute only a part of the risk.

The costs of the first valuation are borne by the Institute; only if the demand for compensation is refused, the costs are borne by the policy hold-

er. The Institute fixes the amount of compensation due according to the results of the examination; however, it may ask for a revision; similarly, the policy holder has a right, within the term of a week from the settling of the compensation, to ask for a second examination. It has already been mentioned that this second examination must be entrusted to an expert chosen from a list established by the Advisory Commission and that this charge cannot be entrusted to the expert who made the first inspection. Considering that the first expert may also have been too generous in his estimation of the loss suffered and also because, after the first examination, the crops may have improved, the law lays it down that the compensation fixed by the first expert may be not only confirmed or increased by the second but also reduced.

The policy holder may only appeal to the Arbitration Commission against the decision of the second expert within the term of a fortnight. Unless the amount of compensation is increased, the cost of the second examination must be borne by the policy holder.

Hail insurance is one of the branches of insurance in which frauds are least easy. Yet the law declares that whoever is condemned for defrauding or attempting to defraud the Institute in the matter of compensation shall forfeit all his claim. The right to compensation cannot be transferred nor pledged; so the claim can only be paid to the person who, at the moment of the hailstorm, was registered as a policy holder of the Institute.

If a farm previously damaged by hail again suffers by it, the total loss is estimated, without account being taken of the estimate made on occasion of the first storm. On the other hand, when the storm occurs at the beginning of the season and the farms damaged must be cultivated a second time the compensation may be reduced, in view of the profits the policy holder may still make.

The principal duties of the policy holder, which if he fails to accomplish through his own fault he loses his right to compensation, are summarised as follows by von Haag, in his comment on the law for the foundation of the Institute: (a) duties previous to loss incurred: to indicate accurately in the annual return what farms he intends to insure, to insure at least all his cereal crops, or all of the separate kinds of produce he insures; to indicate in his return whether the crops he intends to insure have already suffered by hail in the year in course; (b) duties after loss incurred: not to make any change with regard to the produce injured by hail; to observe the prescriptions of the Institute with respect to gathering the produce of the soil or not; to furnish the expert with all the information required for estimating the damage.

In the pamphlets published by the Institute, we find the following examples, in explanation of the methods adopted by the Institute for paying claims.

I. — *Grass, Clover, Cattle Foods. Two Cuttings.* Number of Map: 1,240.

- (a) The whole area of the farm (100 %) is damaged by hail;
- (b) The revenue of the farm is 250 marks; it is presumed that the

first cutting damaged has a value of six tenths of the amount assured, namely 150 mks.

(c) On this first cutting, the loss amounts to 40 %.

(d) In virtue of the conditions of insurance, there is a reduction of 10 %, that is 6 % of the loss is not to be compensated.

(e) Compensation is therefore due for 34 % of the loss, that is 34 % of 150 marks or 51 marks.

II. — *Wheat, Rye, Barley, Oats, Mixed Cereals.* Number of Map: 1,241.

(a) The entire area of the farm (100 %) is injured by hail;

(b) The revenue from the whole farm is 360 mks; the straw represents 20 ths. of the assured amount.

(c) On  $\frac{7}{10}$  ths. of the value insured on the grain the loss is shown as 65 % and on the total revenue of 360 mks., it becomes . . . 45.5 % On  $\frac{7}{10}$  ths. of the value assured on the straw, the loss is shown as 35 % and on the total yield of 360 mks., it becomes . . . 10.5 %

Altogether . . . 56 %

(d) In virtue of the insurance conditions, 7 % of the loss is not compensated;

(e) Compensation is, therefore, due for 49 % of the loss, which, on 360 mks., will be 176 mks.

III. — *Hoed Crops, Cabbages, Hops, Tobacco, Grapes.*

Number of Map: 1,242.

(a) Only half the area of the farm (50 %) suffers by hail;

(b) The entire area gives a revenue of 300 mks; the area damaged, 150 mks;

(c) On this revenue of 150 marks, the loss is 60 %;

(d) In virtue of the conditions, 8 % of the loss is not compensated;

(e) Compensation is therefore due for 52 % of the loss and on 150 mks. this is 78 marks.

As we have said, the percentage of the area of the whole farm damaged (a), the total revenue of the farm itself (b), and the percentage of the loss of revenue (c), are fixed in accordance with the reports of the experts. In calculating the proportion of the loss (c), fractions of less than  $\frac{5}{10}$  ths. are not considered, while fractions of  $\frac{5}{10}$  ths. or more are counted as whole numbers. Finally, it is observed that, in the payment of claims (c), amounts of less than 50 pfennig are not counted, while amounts of 50 pfennig or more are counted as one mark.

As a rule, payment of compensation is made in October or November, at latest in December. In 1908, a desire was expressed in the Bavarian Chamber that payments should begin to be made in September, since the farmers have special need of ready money at that season for the purchase of

seeds. But, on the other hand, it was observed that hail storms are not rare in September and so the claims could not be definitely settled; further, the farmers have already been granted facilities for the payment of premiums in autumn when the harvest is over, instead of at the beginning of the year, and, finally, in exceptional cases, the Institute is authorized to grant advances to the policy holders, deducting the amounts from the claims already established which will be paid later.

When the premiums collected, together with the State subvention and the interest on the capital not placed to the reserve fund, do not suffice to pay all the claims in full, the latter may be reduced. But with this we shall deal in the following section.

## BELGIUM.

### I. MUTUAL AGRICULTURAL ACCIDENT INSURANCE SOCIETIES.

#### SOURCES:

LAW OF DECEMBER 24TH., 1903 ON ACCIDENTS IN WORK.

CAISSE COMMUNE D'ASSURANCE DES CULTIVATEURS BELGES ET L'ASSURANCE AGRICOLE. Rapport du 8<sup>e</sup>me exercice social — du 1<sup>er</sup> janvier au 31 décembre 1913 — présenté aux assemblées générales du 5 mars 1914 par Em. Vliebergh, professeur à l'Université de Louvain (*Common Insurance Society of the Belgian Farmers and the Agricultural Insurance Society. Report on the eighth working year. — January 1<sup>st</sup>-December 31<sup>st</sup>, 1913, — laid before the General Meeting of March 5th., 1914 by Em. Vliebergh, Professor of the University of Louvain*).

#### § I. NOTES ON THE ORGANIZATION OF INSURANCE AGAINST ACCIDENTS IN WORK.

Insurance against accidents in work in Belgium is regulated by law of December 24th., 1903, which lays down the principle of the employer's liability. This, as far as concerns agricultural accidents, applies to three kinds of farms: to those of any size whatever on which engines worked by machinery are used, forestry undertakings, and farms on which not less than three workmen are habitually employed. But even other employers, to whom the law does not apply, may subject themselves to it voluntarily: and this is done by the owners of small farms, market gardens, flower gardens etc.

The labourer, victim of an accident occasioning temporary total disability for a period of more than one week, has a claim to a daily allowance of 50 % of his wages.

In case of partial disability following a state of total disability, the victim has a claim to 50 % of the difference between the wages he was receiving previous to the accident and what he may receive before he is completely cured.

If the total or partial disability is permanent, the victim may claim compensation to the amount of 50 % of his wages for the whole of his life.

Finally, in case of death, an amount of 75 frs. must be paid for funeral expenses; and in certain cases a pension of 30% of the annual wages of the deceased must be paid to his heirs.

The master may be exempted from payment of compensation, if he contracts with an authorized insurance society or a mutual society to pay it; in that case the legal liability is transferred to the society. If this contract is not concluded, the master shall be bound to contribute to the formation of a guarantee fund, unless he can show that he has made other provisions to ensure the eventual payment of the claims. This reserve fund is precisely intended to guarantee the payment of the amounts due, in case the employer is not in a position to pay them; it is formed by means of special contributions paid by private employers and collected on the system adopted for the collection of direct taxes.

The mutual insurance societies founded for the purpose are styled in law *Common Accident Insurance Societies*.

And since these societies only insure some of the persons engaged in agriculture namely the labourers, it has been necessary to form, by the side of these, mutual insurance societies for the other classes engaged on farms and liable to accidents (members of the master's family, temporary labourers, children etc.).

Typical examples of the two kinds of mutual agricultural societies indicated above are the *Caisse Commune d'Assurance des Cultivateurs Belges* and the *Assurance Agricole*, founded in 1906 by the free agricultural leagues of Belgium.

§ 2. THE " CAISSE COMMUNE D'ASSURANCE DES CULTIVATEURS BELGES" AND THE " ASSURANCE AGRICOLE" IN 1913.

The *Caisse Commune d'Assurance des Cultivateurs Belges*, formed to undertake accident insurance in conformity with the law of 1903, has its headquarters at Louvain at the *Borenbond* office.

On December 31st., 1913, it had issued 9,377 policies in an area of 157,284.92 ha. corresponding with wages to the amount of 8,252,248 francs. In that year there were 2,858 accidents, distributed as follows, according to their seriousness :

			%
Accidents causing disability for less than 8 days . . . . .	425	14.87	
"    "    "    "    " between 8 and 14 days . . . . .	994	34.78	
"    "    "    " between 15 and 30 days . . . . .	987	34.53	
"    "    "    " between 1 and 6 months . . . . .	367	12.81	
"    "    "    " over 6 months . . . . .	2	0.07	
"    "    "    " permanent disability . . . . .	65	2.28	
Mortal accidents . . . . .	18	0.62	

The accidents were divided as follows, in reference to their causes.

	%
Carts . . . . .	4.72
Horses . . . . .	9.60
Horned Cattle . . . . .	3.88
Dogs . . . . .	0.21
Machines used at the Farmhouse . . . . .	3.67
Machines use in the Fields . . . . .	0.56
Falls of Persons . . . . .	29.39
Falls of Implements and other Things . . . . .	6.82
Blows . . . . .	4.02
Strains . . . . .	3.15
Sharp Implements . . . . .	5.81
Miscellaneous . . . . .	28.17

Accidents, therefore, are most frequently due, not as commonly believed the use of machinery, but to falls. In this respect, Belgian statistics agree with those of other countries.

In 1913 the claims paid by the *Caisse commune* amounted to 290,087.80. The year closed with a balance of 117,996.25 frs. placed to the reserve fund with the object of reducing the premiums in future years (1).

But, as has been observed, the accident insurance provided by the law of December 25th., 1903 was absolutely insufficient, as the law only provided for the insurance of accidents to labourers and took no account of the other classes of persons employed on the farm. To make up for the deficiency, a new mutual society was founded, the *Assurance Agricole*, to insure the farmers or the members of their families against accidents and make provision for cases of legal liability.

The *Assurance Agricole*, which has been working since 1906, has likewise made considerable progress. On December 31st., 1913, it had issued 20,790 policies, for an area of 263,005.63 ha. and corresponding with an amount of wages equal to 6,780,589 frs. Small farmers, to whom the law of 1903 does not apply, insure with it.

In the course of 1913, 2,989 policies were issued and 3,938 accidents declared. Of these 2,597 were classified as follows, according to their seriousness :

	%
Accidents causing disability for less than 8 days . . . 196	7.54
"        "        " between 8 and 14 days 766	29.49
"        "        " between 15 and 30 days 1,026	39.53
"        "        " between 1 and 6 months 530	20.40
"        "        " permanent disability . . . . . 67	2.58
Total accidents . . . . . 12	0.46

(1) With regard to the system of contributions to the reserve funds made by the policyholders in the mutual accident insurance societies, see the article by Prof. Vliebergh of the University of Louvain on "Agricultural Accident Insurance in Belgium", published in the number 1 of this Bulletin for February, 1914.

These accidents may be classed as follows in respect to their causes:

	%
Carts. . . . .	5.01
Horses . . . . .	12.13
Horned Cattle . . . . .	7.62
Dogs. . . . .	0.66
Pigs . . . . .	0.39
Machinery used at the Farmhouse . . . . .	2.12
Machinery used in the Fields . . . . .	1.12
Falls of Persons . . . . .	27.76
Falls of Implements and other Things . . . . .	4.04
Bruises. . . . .	4.54
Strains . . . . .	6.31
Sharp Implements. . . . .	11.47
Bicycles . . . . .	0.54
Miscellaneous Causes . . . . .	16.29

In 1913, the cases in which the employer was legally liable were 441; 29 of them were accidents to persons and 352 accidents causing injury to things.

From the balance sheet of the society for the year 1913 it is seen that the claims paid amounted to 190,352.16 frs. and that the accounts were closed with a balance of 69,789.20 frs. This balance, as in the case of the *Caisse commune* above dealt with, is distributed among the policy holders in proportion to the premiums paid and entered to their private accounts.

## 2. MISCELLANEOUS NEWS.

LEGALLY CONSTITUTED MUTUAL AID SOCIETIES ON DECEMBER 31<sup>st</sup>, 1913.

In Belgium, mutual aid societies are regulated by law of June 23<sup>rd</sup>, 1894, completed by law of March 19<sup>th</sup>, 1898. By the law of 1894, they may be founded for the purpose: (a) of insuring the members and their families temporary assistance in case of sickness, infirmity or the birth of children; (b) of providing for funeral expenses; (c) of granting subsidies to the families of deceased members; (d) of facilitating the registration of members and their families in the General Savings and Pension Society.

The recognised societies enjoy special fiscal exemptions and receive special subsidies from Government. Thus, the Department of Industry

and Labour grants them a subsidy towards their first installation, amounting to between 125 and 200 frs., besides a premium for the regular keeping of their accounts. A subsidy is also granted to the Federations for the election of affiliated societies.

On December 31st., 1913, there were in Belgium 9,554 recognised mutual aid societies (1), divided as follows, according to their object :

TABLE I. — *Mutual Societies Recognised on December 31st., 1913.*

Provinces	Sickness etc.	Pension Societies	Special Societies	Total
	Insurance Societies			
Antwerp . . . . .	338	478	59	875
Ghent . . . . .	621	746	84	1,451
West Flanders . . . . .	380	437	48	865
East Flanders . . . . .	518	889	74	1,481
Leuven . . . . .	799	891	48	1,738
Brussels . . . . .	669	656	31	1,356
Limburg . . . . .	128	280	7	415
Luxembourg . . . . .	110	422	6	538
Liège . . . . .	393	443	9	835
Total . . .	3,956	5,232	366	9,554

The Belgian mutual aid societies generally only grant subsidies to their sick members for a period of from three to six months, after which the member has only his own resources on which to rely. But the problem of disablement, too serious for a single society to deal with, may be faced, with greater probability of success, by a union of societies. This is the origin of the reinsurance societies which are associations of mutual societies formed to guarantee the members of the latter assistance in case of prolonged sickness, beginning from the day on which the assistance granted by the mutual society ceases.

The members of the societies affiliated to the reinsurance bank pay the latter a special contribution through the local mutual sickness society. This contribution is generally twenty centimes a month and gives claim to a franc a day.

In the following table we give figures showing the increase in the number of insurance societies between 1907 and 1913.

<sup>11</sup> See *Revue du Travail* (no. 6, March 31st., 1914), published by the Labour Office of the Kingdom of Belgium, Department of Industry and Labour.

TABLE II. — *Disability Societies.*

Provinces	1907	1908	1909	1910	1911	1912	1913
Antwerp . . . . .	3	4	6	6	7	7	6
Brabant . . . . .	5	9	9	11	12	13	16
West Flanders . . . . .	4	5	6	8	9	10	16
East Flanders . . . . .	7	8	11	12	13	15	15
Hainaut . . . . .	14	14	15	19	22	22	22
Liège . . . . .	9	10	11	9	10	10	10
Limbourg . . . . .	1	1	1	1	1	1	2
Luxembourg . . . . .	2	2	2	2	2	2	3
Namur . . . . .	5	5	6	6	7	7	7
Total . . . . .	50	58	67	74	83	88	94

Besides these societies, to a large extent State subventioned, there are in Belgium Federations, providing for the protection of the material and moral interests of the adherent societies. Their number on December 31st., 1913 was 179 (103 in 1906) distributed as follows per province: Hainaut 35, East Flanders 32, Brabant 28, Liège 26, West Flanders 23, Antwerp 15, Namur 10, Limbourg 6, Luxembourg 4.

## NOTICES OF SOME RECENT PUBLICATIONS RELATING TO INSURANCE AND THRIFT.

### GERMANY.

FRATZCHER (Dr. ALFRED), Insurance Inspector of the Imperial Office for Supervision of Private Insurance: *LANDWIRTSCHAFTLICHE VERSICHERUNG. HAGEL UND VIEERVERSICHERUNG.* (*Agricultural Insurance. Hail and Livestock Insurance*). Insurance Library. Published by Prof. Dr. Alfred Manes. Volume V. Berlin 1914. Ernst Siegfried Mittler and Son. 8vo. IX + 167 pages.

The Insurance Library, published by Professor Alfred Manes, proposes to issue a series, at once scientific and popular, of manuals and guides to the study of every branch of private and social insurance. In accordance with this programme the above work of Dr. Fratzcher gives an account of the German hail and livestock insurance system with some particulars in regard to these two branches of insurance in other countries.

Hail and livestock insurance are branches of insurance essentially agricultural, as the policy holders are almost exclusively farmers and the crops and livestock insured are in an eminent degree agricultural products. Fire, life and employers' liability insurance are, on the contrary, branches which, although they are of great importance for agriculture, also benefit other classes of the population.

However, there is a considerable difference between hail and livestock insurance, precisely because of the natural conditions in which they originate. The author therefore naturally deals with the two branches separately, bringing into relief the general conditions and principles as well as the practical organization of each.

In the first part of his work devoted to hail insurance, he begins with a few remarks on the kind of loss caused by hail, giving also a brief historical account of this kind of insurance. He then studies the various forms in which it has been organized and the legal basis and technical principles of hail insurance.

In the second part he deals with livestock insurance, dividing the subject into two branches, insurance against the death of livestock and insurance of butcher's beasts. In this part also he gives a sketch of the legislation in connection with the fight against epidemic cattle disease. In the final considerations, at the end of each part of the work, the author examines the future development of hail and livestock insurance dealing more especially with the question of insurance by the State.

PRATZCHER (Dr. ALFRED), Insurance Inspector of the Imperial Office for the Supervision of Private Insurance: *Das örtliche Viehversicherungswesen im Königreich Preußen*. (Livestock Insurance by Local Associations in the Kingdom of Prussia.). Publications of the Prussian Royal College of Rural Economics (Königlich Preussisches Landwirtschafts-Kollegium) No. 14. — Berlin, 1914. Paul Parey. 8vo. 48 pages.

Owing to the need of permanent supervision over livestock insured and in order to keep down working expenses, the business of livestock insurance is carried on with greatest advantage by small local associations. They develop above all in districts where the farms are small or of moderate size.

In the case of Prussia we have now general statistics on the local livestock insurance associations published in the above study by Dr. Pratzcher, based on the results of an enquiry carried out by the Prussian Royal College of Rural Economics. The principal part of this pamphlet consists of tables giving for all the administrative districts of the Kingdom of Prussia the number of the local livestock insurance associations, the manner in which each meets its expenses, the number and species of animals insured, the amounts assured, the amounts of premiums to be paid, claims granted, working expenses and reserve funds formed.

These statistics are preceded and followed by very interesting considerations on the historical development of livestock insurance and the legal and technical organization of the local livestock insurance associations in Prussia. Another chapter deals with the union of local associations into regional federations so as to balance each others' risks.

#### ITALY.

CATTEDRI DELLE PREVIDENZA. Ufficio nazionale di assistenza e d'ispezione contabile (*Chairships. National Bureau for Assistance and Inspection of Accounts*). Milan, 1914.

This pamphlet is published by the National League of Co-operative Societies and Italian Federation of Mutual Aid Societies. It contains the rules and regulations of the local bureaux for assistance and inspection of accounts, founded for the service of the co-operative and mutual aid societies; a list of the local bureaux and their staff, a description of the organization and administration of the bookkeeping of the bureaux, instructions for their work and many model forms for the legal bookkeeping of the co-operative societies.

AGNI (G) : ALCUNE CONSIDERAZIONI INTORNO AD UN EVENTUALE INTERVENTO DELLO STATO NELLE ASSICURAZIONI CONTRO I DANNI DELLA GRANDINE (*Some Considerations in regard to an Eventual Intervention of the State in the Matter of Hail Insurance*). Milan, 1914. Press of the Mutual Hail Insurance Society; 29 pp.

In this interesting pamphlet the author first of all briefly refers to the studies commenced in 1886 by M. C. Ferraris on hail insurance and the part the Government should take in the foundation of mutual hail societies. He then mentions the session of the Social Insurance and Thrift Council on April 5th., 1913, under the Presidency of Senator Bodio, the decisions of which showed the necessity of founding, under the auspices and with the assistance of the Government, an institution strictly mutual in character in all the regions of Italy insuring against hail all the agricultural produce that should be insured.

He also mentions the studies made by the International Institute of Agriculture with the object of obtaining definite statistics in regard to the causes, intensity and frequency of hail storms, and not yet brought to a conclusion.

The author mentions the striking example of the *Société Suisse Grêle* (Swiss Hail Society), which, since 1880, the year in which it began working and only insured a small amount, has increased its business up to 70,000,000 Frs. in 1912, corresponding with  $\frac{3}{4}$  of the whole agricultural produce of Switzerland that can be insured. According to him, the progress made by this society is due (1) to low premiums; and (2) to the support of the State which grants subventions through the different cantons and exempts the policy holders from charges on the policies.

In this way, the *Société Suisse Grêle* has succeeded in excluding all other insurance societies, which enables it: (1) to be the sole National Institute; (2) to fix minimum premiums; and (3) insure almost all the produce cultivated (cereals, cattle foods, potatoes, straw, vegetables, fruit, grapes and tobacco).

In bringing forward this example the author does not propose the immediate abolition of all hail insurance societies, many of which, even if they have a capitalistic basis, have been able in a manner deserving of praise to unite the interest of the share holders and the policy holders, but the foundation of a National Hail Insurance Institute to eliminate naturally, in the space of a certain number of years, the societies competing against it, as their work, by their very nature, would become superfluous or would present no further advantage.



## Part III: Credit

### GERMANY.

#### CONSOLIDATION OF LANDED PROPERTY (BESITZFESTIGUNG) IN PRUSSIA BY THE ACTION OF THE STATE.

##### OFFICIAL SOURCES:

BERGRUNDUNG ZUM ENTWURF DES GESETZES BETREFFEND STÄRKUNG DES DEUTSCHTUMS IN  
EINIGEN LANDESTEILEN, VOM 26. JUNI 1912. Drucksache № 334 des preussischen Hauses  
der Abgeordneten, 21. Legislaturperiode, V. Session 1912. (*Reasons Advanced for the  
Bill of June 26th, 1912, on the Reinforcement of the German Element in Some Parts of the  
Kingdom. Act № 334 of the Prussian Chamber of Deputies. 21st. Parliament. 5th.  
Session, 1912.*).

##### OTHER SOURCES:

ALTROCK (Dr. von): Entschuldung des ländlichen Grundbesitzes (*Dismortgaging of Farms*).  
Handwörterbuch der Staatswissenschaften. 3. Auflage. Band III. Jena, 1909.

BESITZFESTIGUNG IN DER PROVINZ SCHLESIEN UNTER MITWIRKUNG DER SPAR-UND DARLEHNS-  
KASSEN. (*Consolidation of Landed Property in Silesia with the Help of the Loan and  
Savings Banks*). № 21. Berlin. Deutsche landwirtschaftliche Genossenschaftspresse.  
November 15th., 1913.

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§ 1. - THE PROBLEM OF DISMORTGAGING LANDED PROPERTY.

One of the most important problems for the agricultural policy of today is that of dismortgaging landed property. Credit is indeed justified in agriculture, just as in commerce and industry and in all countries in which the system of monetary exchange and of credit has been applied to agriculture it incontestably contributes largely to agricultural progress. Credit affords competent farmers the possibility of attaining economic independence even without their possessing much capital, as well as of increasing the yield of their farms by means of useful improvements. Without the aid of credit, it would have been impossible to make practical application of agricultural science and technique so generally and so rapidly as has been done in recent decades.

Only if the mortgage on the farm is a consequence of bad management or generally unfavourable conditions, and if recourse is had to credit for ends that are not economic, can there be any danger of its swallowing up a large part of the profits and gradually bringing the landowner to ruin. But if in any country there is a considerable extension of the mortgage debt on land, it becomes a danger for the State, the strength and prosperity of which essentially depend on agriculture thriving and advancing as well as on the well being and permanence of the agricultural population. For a long time, therefore, governments and the organizations for the protection and representation of agricultural interests have sought for means to arrest the constant increase of the mortgage indebtedness of landed property, and, where necessary, to promote the gradual dismortgaging of it. As the conditions are so wide spread, these attempts are of international importance and deserve the greatest attention in view of the difficulties in carrying them out.

In Germany, it is chiefly in the Eastern provinces of Prussia that agricultural land is extensively mortgaged (1). This is due partly to the

(1) The Prussian Statistics of land charges for 1902, showing the mortgage and personal debts on all agricultural and forest holdings having a net revenue, as shown in the cadastre (*Grundsteuerreinvertrag*), of at least 60 marks, do not probably correspond with present conditions. It is to be observed that, on an average, the debts on landed estate at that date in West Prussia amounted to 52.8 %, in East Prussia to 46.8 % and in Posen to 42.6 % of the value of the land and capital. These three provinces, thus, showed the highest figures for the whole State, for which the average is estimated at 26.4 %. Of course, in some special cases, the figures were far higher.

favourable economic conditions of these provinces ; but also partly to two other concomitant causes : the great rise in the price of land, due to special circumstances, and the frequency of the transfer of land. Especially in the provinces in which there is keen competition between Germans and Poles for the possession of the soil the prices are excessively high and there has been consequently a general instability of ownership.

It is easy to understand, therefore, that the first attempts at a practical solution of the problem of dismortgaging were made in these provinces.

A measure of a general character was the promulgation of the law of August 20th., 1906 for the admission of a *maximum limit of mortgage indebtedness* (*Verschuldungsgrenz*) for farm lands and forests under cultivation. By this law, attempt was made to limit the burdens on land, establishing that at the request of the owner of the holding a provision may be inserted in the land registers fixing a maximum limit of charges : so as to make it impossible for the mortgages on it to exceed a certain limit. The law first came into force in East Prussia, West Prussia and Posen ; and by decree of March 5th., 1913 was extended to the other Prussian provinces. It will, however, in any case, only be applied on a small number of holdings, since the establishment of a limit to the mortgage indebtedness makes the sale of a holding more difficult and reduces its commercial value as well as the mortgage security when the inheritance is divided.

Besides this, the fixing of a limit of mortgages is not sufficient alone to settle the question of dismortgaging, since, in this way, the imposition of future burdens is indeed prevented, but those existing are not reduced : the problem is essentially one of the organization of agricultural credit. In relation to this, almost everywhere there are very great difficulties : often a holding is in danger not merely through the amount of the charge, but, and especially, through its form. Private mortgage loans as a rule are made at high interest, are repayable on demand and generally are to a very large degree divided among various debtors. The sudden demand of a creditor for repayment of the amounts lent may ruin a farmer, if he cannot find another person to lend to him in time.

An improvement of these conditions can only be obtained by extending the system of redeemable mortgages, the most convenient form of agricultural land credit. Certainly a great difficulty is presented by mortgage debts exceeding the limits fixed for their loans by the *Landeschaften* and similar institutes of credit of general utility. The work of dismortgaging depends essentially on the possibility of finding an efficacious means for overcoming this difficulty. In addition to this, suitable measures are required to prevent the formation of new pernicious burdens. Above all, the need of temporary credits, which hitherto has been very often satisfied by the unsuitable means of land credit and therefore easily led to the imposition of

<sup>2)</sup> See the Report on the carrying out of the law of August 20th., 1906, on the admission of a limit to mortgages on holdings cultivated as farms or forests. Act N° 75 of the Prussian Chamber of Deputies : 21st. Parliament, 5th. Session, 1912.

new burdens, must, at first, be left to be supplied by the agricultural organizations for personal credit well developed in Germany for the purpose.

All the various land credit organizations are sure to develop a common action to assist in the solution of the complex and difficult problem.

The loan and savings banks would have a specially important part to play, and their assistance seems indispensable for the successful realisation of the work, both on account of their perfect knowledge of the personal situation of their members and their profound knowledge of the local conditions. In regard to the discussions on this subject, we shall content ourselves with referring our readers to the Acts of the Congress of German Co-operative Associations (*Deutscher Landwirtschaftlicher Genossenschaftstag*), held in 1907 and the third International Federal Congress of Co-operative Associations held at Baden-Baden on May 20th. and 21st., 1912.

As already indicated, with regard to the question of dismortgaging land it is of prime importance to eliminate second mortgages and substitute them by personal credit at short maturity granted by the co-operative societies. But since the liberation of the farms from other mortgages already existing necessarily requires investments at long maturity, the Prussian Government has provided that the rural loan and savings banks may undertake the task without prejudice to their fluidity. The recent increase of the share capital of the Central Bank of the Prussian Co-operative Societies (*Preussische Central-Genossenschafts-Kasse*) from 50,000 to 75,000 marks, in accordance with the law of July 13th., 1909, had really for its principal object to increase the credit of the federal banks which provide means for the affiliated co-operative societies for dismortgaging and see that certain general principles are observed. However, the rural loan and savings banks have not displayed any considerable independent action in this field.

Except for the work of dismortgaging undertaken by the East Prussia *Landschaft* in 1908, for which *dismortgaging loans* (*Entschuldungsdarlehen*) were granted to farmers who consented to the registration of the mortgage limit as security against the formation of new burdens, the only efficacious action carried out in Prussia against the debt on land was that for the consolidation of landed property (*Besitzfestigung*) in some provinces, for which the State itself supplies the funds. However, as we shall see, the loan and savings banks, even in this connection, render valuable services.

## § 2. OBJECT OF THE CONSOLIDATION OF LANDED PROPERTY AND PROCEEDINGS FOR ITS PRACTICAL REALISATION.

The consolidation of landed property was first organized in the provinces of West Prussia and Posen and really in connection with the work of the Colonisation Commission (*Ansiedlungskommission*), of which we have already treated in a previous number of this Bulletin (1). [This Com-

(1) See *Monthly Bulletin of Economic and Social Intelligence*. December, 1912. *Home Colonisation in Germany*. First Part.

mission, founded in 1886, has for its duty to attract peasants and agricultural labourers from every part of the German Empire to reinforce the German element in those provinces. The efforts of the Commission, however, have been partly frustrated, especially as numerous German holdings have recently passed into the hands of Poles. It was soon clearly seen that the weakening of the German element was chiefly due to the heavy charges on landed property and the insufficiency of credit, especially for loans in excess of the limit of the absolute guarantee. As a remedy for this instability of German property, what is called *Besitzfestigung* was introduced into Posen in 1904 and into West Prussia in 1906.

*Besitzfestigung* means the transformation of mortgaged holdings into *Rentengüter*, with at the same time the dismortgaging of the land. As a result of these operations, the numerous private mortgages, which generally pay high interest, are terminable at the will of the creditor and are not repaid in instalments, may be converted into loans that may be extinguished at lower interest and are not terminable at the will of the creditor. This is accomplished in the first place by means of a loan made by the *Landeskreditanstalt* or some other public credit institute (Provincial Auxiliary Bank, District Savings Bank) and of an amount allowed by the regulations governing the particular institute; in the second place, by means of a State loan made, in West Prussia and Posen, out of the colonisation fund.

In return for the assistance given by the State, the landed proprietor must not only pay the annual rents but is also bound to perform some general duties and to transfer to the State various rights intimately connected with the *Rentengut* constituted in his favour.

A *Rentengut* is constituted when a holding is transferred to the holder as his property and he undertakes to pay a fixed nominal rent. Hence, in order that a holding may be converted into a *Rentengut*, it must first of all be acquired by the State and afterwards restored to the former proprietor or ceded to a third person. These two operations are, as a rule, in immediate connection with each other and the acts are exempt from taxation and stamp duty like all legal acts of purely executive nature relating to *Besitzfestigung*.

It is essential for the constitution of the *Rentengut* that it can be relieved from the fixed rent, established in the act of its constitution, only by consent of both parties. This rent, however, is not in proportion to the value of the farm, but is as a rule fixed at 1 mark. The balance of the interest on the loan obtained from the State is to be repaid after the manner we shall describe later.

By means of the fixed rate of 1 mark the right of the State to repurchase is established. This right, admitted in the existing Prussian laws only in the case of the *Rentengüter*, extends to the farm and the buildings on it, as well as to the dependencies existing at the moment of the exercise of the right. The right of repurchase, which, however, can only be exercised under special conditions, was chiefly established to hinder the holdings being transferred to owners of non-German race. The

other obligations by which the holder of the *Rentengut* is bound are of economic character and their object is to ensure the uninterrupted working of the farm. This is in the first place governed by the provisions of the law of June 8th., 1896 on undivided inheritance (*Anerbenrecht*) and is therefore subject to numerous limitations, which ensure its preservation as an economically independent possession of the family, and, therefore, it may be inherited only as a whole, and in the division of the inheritance (unless the testator has made other provision) the principal heir (*Anerbe*) is in a privileged position in regard to the others. He receives a specified portion (*principium*) consisting in the third part of the estimated value of the *Rentengut*, after payment of the debts and the legacies that cannot be paid out of the assets independent of the *Rentengut*. The estimate of the value is based on the revenue and not on the market value, which is generally higher (1). Another important peculiarity of the *Anerbenrecht* is that no subdivision of the land nor alienation of any part of it is possible without the consent of the authorities. This consent is necessary even in case of sale to persons not belonging to the family. It is, however, to be noted that consent is only refused when there is reason for believing that the farm would be united with another, and in order that the area established for the *Rentengüter* may not be changed.

The advantages of the work of dismortgaging carried out by the State and the results of the activity of the State in home colonisation must only be enjoyed by those living on their own holdings and managing them themselves. Therefore the law on *Rentengüter* makes these conditions compulsory for the proprietors, who thus fulfil the duties towards the State and society imposed by their situations. In addition, they are obliged in their own interest and in that of their creditors to insure the building and furniture as well as the live and dead stock and their stores against fire, and their cereals against hail. If these two conditions are not observed the State may exercise its right of repurchase.

The work of *Besitzfestigung* is entrusted to special institutes: it Posen to the "Deutsche Mittelstandskasse" with head quarters at Posen founded on March 24th., 1904 and in West Prussia to the "Deutsche Bauernbank für Westpreussen" with head quarters at Danzig, founded on March 28th., 1906. Both have limited liability societies (*Gesellschaften mit beschränkter Haftung*). The first, which has a capital of half a million marks, has for members the Prussian State, the two Central Banks of the Co-operative Societies of the Province and the Berlin *Landbank*. The second has a capital of

(1) To facilitate payment of the shares of the other heirs and, as far as possible, to avoid incurring new burdens in the transfer of the inheritance, it is sought in the *Besitzfestigung* to arrange that the interest saved by this process may be used for the purchase of a life insurance policy. This form of thrift was still further facilitated when the public life insurance institutions arose, because the *Landesbanken* allow the instalments to be paid for the extinction of the debt contracted with them to be used for the payment of life insurance premiums. Cf. *Bulletin of Economic and Social Intelligence*, December, 1913: Life Insurance as Security for Mortgage Loans in Germany.

a million marks and as members the Prussian State, the Bank of the Co-operative Societies of West Prussia and the *Landschaft* Bank of West Prussia. Both these institutes are organisations of public utility. The share of the members in the profits is limited to  $4\frac{1}{2}\%$ . The technical managers of the "Mittelstandskasse" may be chosen only among the members of the presidential board of the two co-operative banks. On the board of management of the *Bauernbank* there may be several members of the presidential board of the Bank of the Co-operative Societies of West Prussia.

All the business relating to the work of *Besitzfestigung* is conducted by these banks. They deal with the authorities and with the mortgages and undertake the regulation of the land register, which often presents serious difficulties, especially in regard to rural holdings, since not unfrequently there are found entered in the books a large number of old charges (rights to sustenance, rights of way, rents, taxes, etc.) paid off long ago, or lost by prescription but not yet cancelled in the books and only therefore rendering it difficult to obtain credit on land even when amply justified.

The limit of the loan is fixed at  $\frac{3}{4}$  ths. of the value of the holding. The credit for dismortgaging must be as considerable as possible, always, however, within the limits required for the security of the money of the State. The valuation of the farms is entrusted, in the case of small farms, to local organizations in a position to appreciate accurately all the conditions. These local organizations are the loan and savings banks. They alone, with their intimate knowledge of the general conditions of the proprietors and their credit, can fix the true limit up to which loans may be granted on a particular holding. In addition, it is possible for them to keep a constant watch over the farm and at the proper time adopt suitable measures for the safety of the loan granted by the State. They assume full responsibility for the accuracy of the estimate made and guarantee to the State the punctual payment of the rent. The value, ascertained by this simple, inexpensive, and yet reliable method, usually far exceeds the estimate made by the *Landschaft*, which has to be more cautious, owing to its having less knowledge of the actual conditions.

The co-operative credit societies also undertake the collection of the rent, paying it over to the Colonisation Commission through their Central Bank and receive from the State, in return for their assistance, a commission of 5 % on the rents to be collected. A special guarantee fund is constituted against eventual losses, to which the State assigns 3.3 % of the loan granted when the Bank stands security.

The *Besitzfestigungsbank* is a second guarantee for the State, in addition to the local loan and savings bank. The *Besitzfestigungsbank*, is, therefore, also on its own account closely interested in the security of the State loan and, therefore, takes every care that the loans are granted in accordance with strictly economic and commercial principles. Only in exceptional cases are the *Besitzfestigungsbanken* the sole security; especially when in a given locality there is no loan and savings bank: in that case, the

year's rent is increased by an additional 0.3 % of the initial capital on which the rent is calculated.

The *Besitzfestigungsbanken* provide, without the assistance of any local institute, for the loans granted on holdings of large area, for which it is generally more easy to estimate all the conditions that have to be considered. The value is ascertained by means of a special commission of experts. The proprietor must bind himself to follow the prescribed method of book-keeping for his farm business and recognise the right of the Bank to examine his books. He must accept and follow the advice the technical experts of the Bank may give him with regard to the state of the buildings on his farm and the management of the latter. In each *Besitzfestigungsbank* a special fund is formed, for all the holdings transferred, to cover the risks on the farms on which loans have been granted. The proprietors of these farms contribute to it annually  $\frac{1}{2}$  % of the capital on which their rent is calculated or  $2\frac{1}{10}$  %, if the maximum mortgage charge has been fixed (see page 85). This contribution is, however, afterwards employed for the repayment of the amount of the loan, if there have been no losses.

For the further guarantee of the loan and savings bank and the *Besitzfestigungsbank*, which, as we have said, stand security for the payment of the rent to the State, a mortgage is further passed on the land transferred subject to the rent in question, for a fourth part of the value of the farm not yet mortgaged. This is also important as preventing the passing of new mortgages and because the loan and savings bank thus has a secure basis for the personal credit it has to grant.

The rate of interest on the rent to the State is  $3\frac{1}{2}$  %. The amortisation instalments the debtor must pay for a small farm amount to  $\frac{1}{2}$  % and for larger farms (in addition to the contribution to cover risks) 1 %, so that the rent to be extinguished may be paid off in  $64\frac{1}{2}$  years in the first case and in the second in  $44\frac{1}{2}$  years. These periods may be shortened by payment of a higher rent, or by payments made into capital account.

The sums assigned by the Prussian State for purposes of *Besitzfestigung* now amount to 355,000,000 mks. Of these 255,000,000 mks. are assigned to the Colonisation Commission in accordance with the laws of March 20th., 1908 and May 28th., 1913 for carrying out the work in West Prussia and Posen, and of this amount 175,000,000 mks. have been assigned for the *Besitzfestigung* of small farms and 80,000,000 mks. for that of larger ones, paying land and house tax of at least 225 marks. The other 100,000,000 mks. were granted by law of June 26th., 1912 for *Besitzfestigung* in certain territories adjoining West Prussia and Posen and in Northern Schleswig. The Royal Order of March 12th., 1912 defined the sphere for the application of this law. To extend the work of *Besitzfestigung* to the whole of Prussia would have required too considerable an amount of capital; therefore, it was necessary to restrict it at first to those parts of the territory where, even on political grounds, it seemed most desirable to realise it.

The carrying out of the law of 1912 has likewise been entrusted to

organizations of public utility, of which the State may be a member, contributing an amount not exceeding 5,000,000 mks.

In East Prussia the work was undertaken in October, 1913 by the *Preußische Landesgesellschaft*. This society was founded in 1905 to undertake home colonisation (1) and at present it has a capital of 7,651,000 mks. Besides the State, which has raised its contribution from 3,500,000 mks. to 4,000,000 mks. for the *Besitzfestigung*, other members of this society are the Province, the various *Kreise* (districts) and the two Central Banks of the Co-operative Societies of the province, as well as the Central Bank of Land Credit for Germany (*Landwirtschaftliche Zentral-Darlehnskasse in Deutschland*) in Berlin.

In Silesia, on March 13th., 1913 the *Schlesische Landesgesellschaft m. b. H.* (Silesian Land Society, Limited), was instituted with 5,500,000 mks. share capital, 2,700,000 mks. of it contributed by the State. The other members are the Province, contributing 1,000,000 mks., the Silesian *Landschaft* contributing 500,000 marks, and the three Central Banks of the Co-operative Societies of the Province, contributing altogether 1,250,000 marks. This society will undertake not only *Besitzfestigung* but also home colonisation.

In Schleswig-Holstein, there was founded for the same purpose, in May, 1913, the *Schleswig-Holsteinische Höhebank G. m. b. H.*, of constitution similar to that of the above mentioned societies.

These societies carry out the work of *Besitzfestigung* in the same way as is carried out in West Prussia and Posen, save for a few modifications due to the special local conditions.

### § 3. RESULTS OF THE BESITZFESTIGUNG UP TO THE PRESENT.

In the following account of the present state of the *Besitzfestigung* I think it advisable to confine our view to the two provinces of West Prussia and Posen, since in the other provinces the work has only recently begun.

The *Mittelstandskasse* of Posen up to the end of 1913 had effected dismortgaging of 5,233 small farms, of a total area of 87,960 ha., and 72 larger farms of a total area of 43,870 ha. In the working year 1913, 1,913 small farms of a total area of 16,030 ha. and 18 larger farms of a total area of 1,805 ha. were dismortgaged. The *Bauernbank* for West Prussia had up to the end of March, 1914 effected the dismortgaging of 4,510 small farms of a total area of 102,476 ha. and 139 larger farms of a total area of 56,731 ha. In the working year 1913-14, this Bank had dismortgaged 1,100 small farms of a total area of 18,536 ha. and 28 larger farms of a total area of 11,625 ha. A maximum mortgage limit was registered in Posen for holdings and in West Prussia for 22 holdings. As appears from these figures, the *Besitzfestigung* is regarded with favour by the landed proprietors.

<sup>1)</sup> See *Bulletin of Economic and Social Intelligence*, September, 1913. page 102.

Naturally, the results of the dismantling are of special interest. The results of the Besitzfestigung, in the matter of relieving farms from mortgages are shown by the following figures (in marks):

Charges on Holdings previous to the Besitzfestigung:  
(a) in Posen:

(a) in *Posen*:

	Principal	Interest	Showing Per.
Small Farms . . . . .	77,287,600	3,685,100	85.44
Large Farms . . . . .	36,274,400	1,682,800	90.23

(b) in West Prussia:

	Principal	Interest	Sum Paid
Small Farms . . . . .	117,575.546	5,447.516	123,022
Large Farms . . . . .	54,128.853	2,412.497	56,541

In the above amounts the loans made by the Landschaften figure as follows:

	Principal —	Interest —	Sinking Fund —
Small Farms . . . . .	26,262,604	953,972	137,231
Large Farms . . . . .	21,967,022	808,448	106,231

### *Charges on Holdings after Besitzfestigung:*

### Überlegungen über die

		Mortgages held by the <i>Landesfach</i> or Similar Institutes and Extinguishable in Instruments	State Loans	Private Mortgages	Total
		—	—	—	—
Small Farms		32,284,300	39,278,100	5,407,690	77,069,890
Large Farms		18,160,800	16,093,800	2,053,700	36,308,300
					Sinking Fund
				Interest	—
Small Farms	· · · · ·			2,873,500	48,360
Large Farms	· · · · ·			1,412,000	262,300

## (b) in West Prussia:

	Mortgages held by the <i>Landschaft</i> or Similar Institutes and Extinguishable in Installments	State Loans	Private Mortgages	Total
<hr/>				
All Farms:				
Principal . . . . .	51,642,502	58,17,527	8,511,673	118,011,802
Interest . . . . .	1,929,880	2,004,585	370,839	4,302,304
Sinking Fund . . . . .	266,498	310,718	588	657,804
Large Farms:				
Principal . . . . .	20,213,387	23,571,460	2,231,000	53,035,847
Interest . . . . .	1,083,703	931,366	103,485	2,122,554
Sinking Fund . . . . .	146,910	237,525	250	382,273

As is seen from the above figures it has not been possible entirely everywhere to extinguish the private mortgage debts; however, those remaining only constitute a small portion of the total burden.

Very considerable has been the reduction of the interest to be paid which has been brought about by this means. In Posen it was 22 % on small farms and 16.1 % on the larger; in West Prussia it was 19.1 % on the small farms and 12 % on the larger. The greater part of the interest that has been saved is devoted to the gradual extinction of the debts, thus their repayment imposes no burden on the debtor; and not only is this the case, but there is again a decrease here in the charges (interest and sinking fund) amounting in Posen to 11.6 % on the small farms and 5.6 % on the larger and in West Prussia to 9.1 % on the small farms and 4 % on the larger.

It is interesting to compare the loans made by the *Landschaft* to small farms with those made by the State: the latter exceed the former in amount, the contrary is the case in respect to the larger farms. This is not only that the valuation of the holdings by the loan and savings bank renders possible the concession of loans on a large scale, but also on account of the provisions up to the present regulating the loaniness of the *Landschaften*, the latter were not in a position to estimate accurately the real value of the smaller holdings.

The number of co-operative credit societies assisting the work of *Besitzung*, by estimating the value of the farms or standing security or collecting the rents, were 347 in Posen and 148 in West Prussia. The special guarantee fund amounts to 1,108,200 marks for the Province of Posen and 4,900 for West Prussia. As commission on the collection of rents the

co-operative credit societies now receive about 67,000 marks in the Province of Posen and 92,000 in West Prussia. In no case have the co-operative societies incurred losses through standing security, nor have they had to proceed to distrain.

Besides their action in favour of *Besitzfestigung*, the *Besitzfestigungsbanken* also render important services as intermediaries in the purchase and sale of land. As a result of their principal business, they gradually acquire an accurate knowledge of the whole landed estate market in their province so that it becomes more and more easy to hold the balance between supply and demand. Yet they do not operate in this field on their own initiative in order not to occasion new exchanges of landed property. They abstain on principle from the definite purchase of holdings, which would be too serious a risk and would impose too serious financial and administrative burdens upon them.

In this work of theirs as intermediaries for purchase and sale of holdings the banks avail themselves also of the services of the co-operative societies. The Posen *Mittelstandskasse* has made provision altogether for the sale of 636 holdings of an area of 28,633 ha. and the West Prussian *Bauernbank* for the sale of 1,436 of an area of 33,180 and 45 larger holdings of an area of 11,605 ha.

This intermediary work is especially useful when by means of it the small farmers are enabled to extend their holdings by the purchase of new areas without the necessity of possessing cash, and thus become economically independent. By means of what is called *Anliegerparzellierung* (Sub-division for the advantage of the holders of contiguous landed properties), the *Besitzfestigungsbanken* promote immediately, as the Colonisation Commission does, an improvement in the distribution of the land.

This is particularly the case, when a holding of a certain area which is much encumbered is subjected to *Besitzfestigung*: in that case, the owner is often assisted as follows: part of his holding is sold to the neighbour and the proceeds of the sale are used for the extinction of those charges that would exceed the limits laid down for the grant of State loans, when the *Besitzfestigung* work is being carried out. Usually those who buy parcels get their whole landed estate converted into a *Rentengut*. Some times in this way the possession of parcels of fields and meadows belonging to the State Forests Department and already leased is granted to the tenants.

Up to the end of 1913, the Posen *Mittelstandskasse* had distributed 8,202 ha. of land. In this way, 695 parcels were transferred to owners of contiguous landed properties and 54 independent farms were provided with the necessary buildings. There were still 91 farms that preserved their character even after the subdivision. Up to the end of 1912 the *Bauernbank* for West Prussia distributed, according to the figures given by Dr. Dietrich, 6,673 ha. of land. In this way, 217 parcels were transferred to owners of contiguous holdings and 138 independent farms with the necessary buildings were established. There remained 39 farms keeping their independent character after the subdivision.

\* \*

The system we have here dealt with is adapted to the special character of the provinces for which it was first instituted; but also in many other districts it will be an advantage to dismortgage farms on the same lines. Only by this method, in which the various activities of all the organizations of general utility are systematically combined, will it be possible gradually to solve the difficult problem of the dismortgaging of landed estate.

## OTTOMAN EMPIRE.

### RECENT REFORMS IN RELATION TO REAL ESTATE OF OTTOMAN SUBJECTS AND FOREIGNERS.

#### SOURCES:

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The official Legal Bulletin in its numbers for February 10th., and March 3rd., 1913 has published three laws on real estate property, of great importance for the Ottoman Empire. The present Government has felt bound to make a real effort for the regeneration of the country.

These laws are called provisional in the sense that they are promulgated by the executive authority on its own responsibility, and are to be presented at the proper moment to the legislative authority for its approval. Article 36 of the Constitution authorizes this course.

The first of these laws relates to the mode of inheritance of real estates called Arazi-i-émiriés and all kinds of Wakouf. Law of 22nd. Rebi-ul-éwel, 1331 (March 1st., 1913).

The second grants Ottoman incorporated bodies the right to possess real estate. 2nd. Rebi-ul-éwel (March 1st., 1913).

The third reforms the mortgage regime in force and establishes a new system adapted to the requirements of the age. 1st. Rebi-ul-éwel, 1331 (February 8th., 1913). Each of these laws has therefore to be studied separately.

#### §. 1. LAW ON THE MODE OF INHERITANCE OF ÉMIRIÉ LAND AND WAKOUF.

We know that land is divided, in Ottoman Law, into 5 classes: 1st. *mirk* land, (complete private property), belonging in the most absolute sense to the individual proprietors; 2nd. *miri* land (public domains, the property of the State, of which private persons enjoy the usufruct and possession); 3rd. *meskouf* land (under mortmain), not subject to

transfer; 4th. *melrouké* land, left for public use; 5th. *nevut* (dead) land, i.e. as, says article 103 of the Land Code (Landed Estate Code), mountains or rocky land not possessed by any one as property, not traditionally assigned for use of the inhabitants of cantons and communes and so far uninhabited localities as to be out of earshot.

The law we are studying is only concerned with *miri* and *wakouf* land. But its application is wider, extending also to other *wakouf* real estate, that is to say, land and buildings.

Before the promulgation of the law, the rules for inheritance were very complicated. It was necessary to distinguish:

1st. Real and personal estate of complete possession, inheritance to which is still regulated by the Chari, the Mussulman religious law;

2nd. *Miri* and *wakouf* land, succession to which is regulated by the old law or Landed Estate Code of Ram. 7th., 1274 (April 21st., 1868) 4, amended by law of Mouharem 17th., 1284;

3rd. *Wakouf* properly so called, instituted by private individuals, inheritance to which was regulated by the conditions imposed by the person instituting it;

4th. Finally, what is called double rent *wakouf*, subject to special rules by law of 2nd. Zi-cl-Cadé, 1285. Double rent *wakouf* is such as is let for a sum paid in advance (*idjare-i-inouadjelé*) and a monthly rent and for the bare property (*rakabé*) of which is retained by the *wakouf*.

The title of the new law is not absolutely accurate, for there is a risk in its being understood that the law applies to all the above four classes of real estate. Now this is not the case. The first class of real estate of which the owners have the full property is regulated, as in the past, by the cession laws of the Chari. The new law, therefore only applies to the other three classes of real estate.

To appreciate thoroughly the innovations introduced by this law, we must briefly observe the defects of the previous regime. First of all, as regards the *miri* and *wakouf* land and the double rent *wakouf* which we have placed in the fourth class:

(a) The rules for degrees of inheritance were very faulty. Thus, for example, if one of the sons died before his father, his children represented him as a family, but if all the children died before their father, the grandchildren inherited as individuals and not as families.

To take another example: in default of descendants, the parents inherit. If, of two parents, one only was living, he or she inherited in full; the heirs of parents previously deceased had no claim. The new law recognises the rights of the heirs of the deceased parent to a share in the inheritance, according to their degree.

(b) According to the system in force before the new law, in default of parents, the consanguinean brothers inherited, then the uterine brothers, then the consanguinean sisters and lastly the uterine sisters. The law does not continue the distinction between male and female heirs. Dividing the inheritance into two equal portions, it assigns them to the descendants of the father and of the mother according to degree.

(c) According to the old law, the right of collateral inheritance stopped with the first degree, that is to say with the brothers and sisters. Their children did not inherit and the estate fell into abeyance. The new law gives the descendants of the brothers and sisters a right to inherit according to their degree.

(d) The old law limited the right of inheritance in the ascending line to the parents only. The new law recognises the right of all ancestors to inherit.

(e) Finally, by the old system, the consort had no right to inherit against the descendants. The widow only received the fourth part of the inheritance together with the other heirs. The right of the widow has been extended. The new law grants her the fourth of the inheritance when there are descendants, the half when there are other heirs. There was another defect of another kind in the law in respect to widow property. This property, which was subject to conditions of inheritance imposed by the institutor, very often fell into abeyance, though failure of heirs male, inheritance being generally settled on them. The law of the Redjeb 1292, called Zefsi-i-nical (Extension of the Field of Inheritance) increased, as its name implies, the number of persons who may inherit, but, for the purpose, a number of formalities had to be gone through, costing a considerable sum. The new law abolishes these formalities and increases the number of degrees of heirs, without imposing the usual formalities.

Heirs of the first degree instituted by this law are the children and descendants, according to families. Thus if one of the children of the proprietor dies before him, the descendants of the deceased child inherit his share. Whilst according to the Féraiz (Mussulman law of inheritance), applicable to real and personal estate of complete possession, the daughter inherits half her brother's share, the new law makes no distinction between descendants of different sexes.

After the descendants, come in the second degree the fathers and mothers or their descendants (that is to say, the brothers and sisters of the deceased), in their degree. In this case, the inheritance is divided into two portions, one for the paternal and the other for the maternal line.

In the third degree, come the ancestors other than the father and mother. The consort inherits in the fourth degree and inherits the fourth part of the estate when there are heirs of the first degree and the half when the heirs are of the second and third degree. In the absence of heirs of the three first degrees, the consort is sole heir.

The existence of heirs of one degree excludes those of the other degree.

## § 2. LAW GRANTING INCORPORATED BODIES THE RIGHT TO POSSESS REAL ESTATE.

The first article of this law says: "The possession of real estate is permitted to: 1st. the Government and the municipalities; 2nd. associations in conformity with the law (art. 8 of the law on associations author

izes them to possess the real estate necessary for the security of their work); and Ottoman commercial, industrial and building societies, limited by shares."

The second article provides that societies formed for purposes of agriculture may possess real estate on condition that their shares are personal and are all held by Ottoman subjects. If these societies desire to sell their land the population of the nearest village has the first right to purchase.

The new law also grants charitable communities and institutions the right to possess. This is a great innovation, in so far as concerns non-Moslem communities. Such communities undertake elementary education and manage many charitable institutions. So they are anxious to have a permanent income. As up to the present they had no legal right to possess real estate, they had to get their real estate registered in the name of other persons which was not without its drawbacks for them. The new law has remedied this defect. However, so as to prevent the cultivated land falling into the hands of monopolists, the law limits the right of communities to possession exclusively within towns and villages.

This law is only for the benefit of Ottoman subjects, foreign incorporated bodies are excluded from its effects.

### § 3. PROVISIONAL LAW ON MORTGAGES ON REAL ESTATE.

Whilst real estate property constitutes the chief wealth of Turkey, this wealth had no serviceable value owing to the defective legal regime. If we consider that in this large country, there has never been a mortgage bank, nor an agricultural credit system except that founded by the Government, we get an idea of the want of security for the lender under the mortgage system allowed by the former laws.

In the first place, the old system only allowed one mortgage on a holding. It prescribed an interminable succession of costly formalities. Once the mortgage granted, when it fell due the debtor could appeal to the courts, bring a lawsuit and delay the sale until the termination of the case.

It was the debtor who most frequently suffered by this state of things. As capitalists avoided this class of investments, needy persons were in effect at the mercy of the avaricious. In most cases, the possessors of large wealth in real estate were unable to obtain even a comparatively small credit.

To sum up, while every where else real estate is considered as the best security for credit, in Turkey it was only of very secondary importance.

The new law has remedied all these defects.

In its first article, it allows more than one mortgage on the same holding, while it gives the first mortgages the character of preference mortgages.

In future a person who has a very valuable holding, mortgaged for a comparatively small amount, may obtain money by means of new mortgages.

In the second place, the law has simplified all the formalities required under the old system. A simple contract passed at the cadastral office

between debtor and creditor, creates the mortgage. The law authorizes the parties to insert in the contract any clauses and conditions they desire provided only that such clauses and conditions do not conflict with the police regulations and public morality.

The law goes further and allows the insertion of the clause, "to order", in the contract. Whilst under the former law, transfer of a mortgage, even with the consent of the debtor, was only possible after going through the forms for the extinction of the mortgage and the passing of another, the new law authorizes the insertion of the clause "to order", so that the creditor may henceforth transfer his mortgage by means of a simple endorsement.

In the third place, the law decrees that no process may stop the sale of the real estate when the mortgage is due. In this way chicanery is prevented and the creditor is sure that, if payment is not made when due, he may have the holding sold and enter into his rights.

As foreign societies are not authorised to own real estate in Turkey, only Ottoman credit societies authorized by Government are recognised as possessing the above rights.

## FRANCE AND COLONIES.

### I. AGRICULTURAL CREDIT IN THE FRENCH COLONIES.

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For some time in all the French colonies the question of the development of agricultural credit for colonists has been under consideration. The question has been asked whether, after the example of what has been done in the mother country, it would not be possible to require of the banks to issue that they should grant advances and credit facilities to the agricultural banks. The expiration of the privilege of the colonial banks presented an occasion for investigating what could be obtained from them in favour of the organization of agricultural credit. Various schemes have been considered. The question was discussed at length in the Committee of Legislation on Labour and Social Thrift at the Colonial Department and in the subcommissions of the Antilles, Asia and Oceania.

From this study the problem of agricultural credit to natives is excluded, for that is almost exclusively granted by the native thrift societies for mutual aid and credit, for which there are special laws. Attention has only been given to credit to colonists, in which, indeed, in the old colonies, the whole population has an interest.

#### § I. ALGERIA.

The organisation of agricultural credit in Algeria has given rise to much discussion and between 1897 and 1900, the elective bodies, Chambers of Commerce, agricultural congresses, comices and societies, have studied this question which is of considerable importance for agriculture. Just as in France, before the institution of agricultural credit, there were two currents of opinion: the one in favour of a central bank (credit from above) granting credit on a large scale; the other, demanding the pure and simple application of the laws of the mother country (system of local and regional banks). The department of Oran, in which important experiments have been made in mutual agricultural credit, was above all favourable to the latter system.

Just at that time the renewal of the privilege of the Bank of Algeria was under discussion. The Algerians, recognising the undoubted services rendered by this bank to the economic development of the country, desired the renewal of its privilege. The law of July 5th., 1900 on the subject provided, in relation to agricultural credit, that the Bank should pay the State:

1st. From January 1st., 1900 to December 31st., 1905, an annual amount of 200,000 frs.

2nd. From January 2nd., 1906 to December 31st., 1912, an annual amount of 250,000 frs.

3rd. From January 1st., 1913 to December 31st., 1920 an annual amount of 300,000 frs.

The Bank further undertook to place at the disposal of the Treasury, for the period for which it enjoyed its privilege, a credit of 3,000,000 frs. not at interest.

It was considered in what manner this annual contribution and these advances should be invested. The controversies that the application of the laws of November 5th., 1894, and March 31st., 1899 gave rise to in the Mother Country were renewed in Algeria, on account of article 6 of the law of July 5th., 1900, which left open the conditions for the foundation and organisation of agricultural credit in the colony. In the Algerian Farmers' Society, it was decided on November 20th., 1900 that mutuality must not form, as in France, the necessary basis of this credit, and a return was made to the conception of a Central Bank, an idea afterwards accepted by the financial delegates.

The advantages and the work of the single bank based on mutual principles was long insisted on.

On the one hand, the insufficiency of the resources at the disposal of the regional banks, the heterogeneous composition of the agricultural population, the absence of savings and the large extent to which landed property is realised, were brought forward. On the other, the cost of creating a new organisation, complete in all respects, with branches which would hardly appreciate the local needs of the farmers, was pointed out. Finally, M. Jonnart, the Governor of Algeria, called the idea of the Central Bank an "economic heresy".

The mutual idea prevailed and the law of July 8th., 1901 instituted Regional Banks in Algeria.

Thus agricultural credit has been organized in Algeria on the same basis as in France. There are only purely formal differences between the two organizations. In Algeria, the advances are granted by the Bank of Algeria, in France by the Bank of France, in Algeria, the Governor has the distribution of the advances and the supervision of the societies, in France, these duties are assigned to the Agricultural Department.

However, the very important law of March 19th., 1910 on long term individual credit is not yet applicable to Algeria.

The official statistics published at the end of 1912 show that there

are in Algeria 37 regional agricultural credit banks for all the three Algerian Departments.

Their subscribed capital was 3,752,445 frs. and their paid up capital 1,454,357 frs.

They federated 249 local banks with 15,000 members.

Also at the end of 1912, according to the same statistics, the sums paid by the Bank of Algeria, both as advances and annual contributions, amounted to 6,075,000 frs. Out of this the regional banks received in advances to be repaid during the ten years, from 1902 to 1912, an amount of 4,901,960 frs. The partial repayments made on certain advances amounted in December, 1912 to 556,100 frs., that is to say to about 11 % of the advances granted.

The total reserve fund was 742,437 frs.

At the beginning of their work, the Regional Banks lent at very low rates; but they have almost all raised their rate of discount. There is now only one still lending at 3 %, while others ask 7, 7 ½, and even 8 %.

The total deposits made by individuals with the Regional Banks, amounted, also at the end of 1912, to 4,353,580 frs., only 14 out of the 37 banks having so far received deposits.

The number of bills discounted in 1912 by these 37 Regional Banks was 16,839 and their amount was 13,350,631 frs., the number of bills renewed was 16,450 and their amount was 9,225,687 frs.

Of the 37 Regional Banks of Algeria, 7 had, so to say, only native members, the Government of Algeria favouring the foundation of the native banks, in the persuasion that the Arab population will end by appreciating the advantages of agricultural mutual credit and will apply to the Credit Banks instead of letting themselves be taken advantage of by usurers of every race.

To complete the legislation on agricultural credit, the Government has just presented to the Chamber a bill on the allocation of the amounts to be derived from the increased annual contributions as well as from the additional advances the Bank of Algeria has to pay to the State, in terms of the law of December 29th., 1911. This bill is concerned, on the one hand, with the distribution of the former contribution which cannot be less than 500,000 frs. for the moment, but may be reduced later to 400,000 frs.; and, on the other hand, to the allocation of a supplementary advance of 2,000,000 frs.

The Minister for Home Affairs proposes to employ two thirds of the old contribution for long term individual credit; the law of 1910, with slight amendments, would be adapted to the local conditions.

As we see, agricultural credit in Algeria is not reserved only for Europeans, and many co-operative societies, nine in number in 1912, and credit banks, without counting thrift societies for mutual aid and credit, are mixed or sometimes exclusively native.

## § 2. TUNIS.

By a Decree of the Bey's of May 2nd., 1905, agricultural credit was organized in Tunis.

This decree granted civil personality to the regional banks and placed at their disposal advances not at interest within the limits of an initial amount of 500,000 frs., provided by the Bank of Algeria and an annual credit of 66,000 frs. representing the annual contribution the Bank has to pay. A single regional bank was founded on November 10th., 1905 under the name of "Regional Agricultural Mutual Credit Bank of the North". The subscribed capital of this Bank, from 50,000, frs. at the start, and then 100,000 frs., has just been raised at the General Meeting of April 21st., 1914 to 160,000 frs., while the advance granted it at the start by the Government was 200,000 frs. In addition, it has a discount credit to the amount of 800,000 frs. at a financial establishment, the "*Compagnie Algérienne*" (Algerian Company). Its turnover increased from 2,400,000 frs. in 1912 to more than 5,000,000 frs. in 1913 (1) and in the matter of deposits it did a business of more than 900,000 frs.

The Regional Mutual Agricultural Credit Bank of the North, at the end of 1913, federated 24 local banks and 54 native banks. These are limited or unlimited liability banks with variable capital. The shares are generally from 25 to 50 frs., entailing liability of from twenty to thirty times that amount.

Many attempts have been made, especially in Tunis, to develop mixed agricultural credit banks, independently of the native thrift societies already existing there.

## § 3. THE COLONIAL BANKS.

Even before agricultural credit was organized in France, Colonial Banks were founded in the colonies.

The Decree of the Provisional Government of April 27th., 1848, which abolished slavery, at the same time established the right of the colonial slave holders to compensation. The law of April 30th., 1849 fixed the amount of this compensation, and divided it between Martinique, Guadalupe, Réunion, Cayenne, Senegal, Nossi-Bé and Sainte-Marie. Advances were needed to pay the wages of the newly freed slaves and ensure the harvests; as there were as yet no credit institutions, the traders came to the relief of the large farmers. But the loans they granted were made under conditions extremely burdensome for the planters, the rate of in-

(1) 687 new loans = 2,100,195 fr. 80 }  
 783 renewals = 3,041,381 fr. 10 } total frs. 5,141,876.90.

terest being fixed at 15 or 16%. It was therefore necessary to found credit establishments and it was with the compensation granted to the colonists that the *Colonial Banks* were founded. Every colonist to be compensated, received Bank shares up to a value corresponding with a deduction made for the purpose from his claim.

The colonists who had claim to compensation were thus associated by law in spite of themselves.

The chief business of these Banks consisted in the issue of bills and discounting of bills to order with two endorsements. But for one of the signatures there might be substituted, either a bill of lading passed to the order of the Bank, or a receipt for goods, or a note of transfer of standing crops. As we see, these Banks have been, from their first foundation, agricultural credit institutions and we may even say that agricultural credit was in some degree known in the colonies before it was known in the Mother Country.

Loans on crops are only authorized during the four months preceding the harvest, that is to say, at a date when its degree of maturity allows of its being considered as a real and positive pledge. The loan can only be for a third of the estimated value of the harvest. In some cases, the creditors may object to the loans. The Bank may stipulate that the produce of the harvest shall, gradually as it is gathered, be placed in the warehouses indicated for the purpose by the Governor in privy council so as to convert the loan on transfer into a loan on pledge. For the goods deposited in these warehouses a receipt or warrant is given, which may be transferred by means of an endorsement.

If the debtor neglects to harvest at the proper time, the Bank may, after demand in due form of law, and by the mere order of a magistrate, be authorized, to gather the crop. The necessary expenditure is repaid, in addition to the amount of the debt, out of the harvest, taking precedence of any other claim.

When the payment of a bill secured on transfer of harvest or in any other way, is not made at the date fixed, the Bank may, a week after protest, or after mere demand in due form of law, have the goods or their security sold, so as to recover the amount due; in the case of standing crops, the Bank may choose between proceeding to sell them standing or having itself put in possession of them.

The Indo-Chinese Bank and the Bank of French West Africa are organized nearly on the same lines.

The colonial banks have rendered great services to the colonies, but, in consequence of losses experienced by them, their work ceased to be very active and, according to the complaints of the colonists, they now only lend, so to say, to large land holders.

Small farmers, in fact, can hardly apply to the Colonial Banks for the small amounts they require, on account of the considerable trouble and expense applications for loans involve.

It is also very difficult for the small farmer to sign bills and to find endorsers.

In the case of small landowners or metayers, credit must therefore satisfy the following two conditions ; be within their reach and be cheap.

#### § 4. AGRICULTURAL CREDIT LEGISLATION IN THE VARIOUS COLONIES.

The organisation of agricultural credit depends on the existence of agricultural syndicates (law of March 21st., 1884), or agricultural mutual insurance societies (law of January 14th., 1908). In other words, to become members of agricultural credit banks, the farmers must be syndicated or belong to an agricultural mutual insurance society. The law of March 21st., 1884, applicable to the Antilles and Réunion (art. 10) was promulgated:

at Martinique, by local decree of April 8th., 1884;  
at Guadeloupe, by local decree of April 29th., 1884;  
at Réunion, by local decree of May 4th., 1884.

It has been made applicable:

to New Caledonia, by decree of May 16th., 1901;  
to Tahiti, by decree of January 8th., 1905;  
to Cayenne, by decree of June 7th., 1905;  
to Saint Pierre and Miquelon, by decree of October 3rd., 1905.

The law of November 5th., 1894 on the foundation of agricultural credit societies (local banks), declared applicable to the colonies by its article 7, was promulgated:

at Martinique, by local decree of May 8th., 1907;  
at Guadeloupe, by local decree of December 31st., 1900;  
at Réunion, by local decree of December 18th., 1902.

This law was amended by the laws of July 20th., 1901 on the liability of managers of societies; January 14th., 1908, above mentioned, February 18th., 1910, authorizing short term loans to agricultural co-operative societies; and March 19th., 1910, instituting individual long term credit, which have not been promulgated in the colonies.

The law of July 4th., 1900 on the formation of agricultural mutual insurance societies, those of March 31st., 1899 and December 25th., 1900, on agricultural mutual credit regional banks, those of July 18th., 1898 and April 30th., 1906 on agricultural warrants; and the law of December 29th., 1900 on long term credit to agricultural co-operative societies, have not been made applicable in the colonies.

This explains why agricultural credit has not yet given as important results in the colonies as in the mother country. Praiseworthy efforts and intelligent attempts have, however, very often been made in favour of agricultural credit for the colonies.

#### § 5. RÉUNION.

The first attempts to institute agricultural credit in Réunion were made after the promulgation of the law of March 21st., 1884.

At that date certain planters attempted to unite for the defence of their economic interests. But the attempt failed. It was resumed in

891, with the same result. Finally, in 1894, the "*Syndicat des intérêts agriculteurs et sucriers de l'île de Réunion*" (Syndicate for the Interests of the Farmers and Sugar Planters of the Island of Réunion) was successfully founded at Saint-Denis, the capital of the colony, with the help of the best qualified farmers, and on the firmest foundation. Great hopes were founded on the results to be obtained from this syndicate, most of the adherents being recruited from among the large farmers of the colony and the members of the Chamber of Agriculture. But, by its very composition and by the high figure of the annual subscriptions, it necessarily limited its field of action and the small planters held aloof from it. In addition to this, the Board of Management did not exert itself sufficiently vigorously in behalf of the interests of the syndicate which, consequently, disappeared as a result of the negligence of its own founders.

The cyclone of 1904, which laid waste all the plantations of the island, again showed the necessity of organizing agricultural credit in Réunion; the local management charged a commission to seek for some means of renewing the agriculture and industry of the colony. As a result of the discussions and studies of this commission, seventeen agricultural credit syndicates and local banks were founded and are still working. It is even hoped it will soon be possible to give each of the twenty communes of the Island of Réunion its agricultural credit bank.

On September 27th., 1905, the Minister of the Colonies authorized the Government of the Island to use for the foundation of agricultural syndicates and agricultural mutual credit societies the amount of 200,000 frs., constituting the balance of the subvention of 1,000,000 frs., which had been assigned to it by Parliament after the cyclone of 1904. This amount was distributed among the syndicates concerned in the proportion of three times the capital contributed by each of them towards the foundation of agricultural mutual credit societies.

A regional mutual agricultural credit bank was founded at Saint-Denis in 1906. The founders hoped to be able to share in the advances the State makes to similar banks out of the annual amount paid to the Bank of France, but the laws of March 31st., 1890 and December 28th., 1900, regulating the advances made without interest by the State to these institutions, are only applicable to France.

On August 17th., 1906, a decree of the local management ordered the syndicates to deposit in this Bank the amounts allotted to them, but another decree of May 29th., 1907, on the contrary, ordered the syndicates to pay into the local mutual agricultural credit banks founded by them, the amount of a second allotment. In view of this new decree, there was no further room for the existence of the Regional Bank and it decided to dissolve. Its liquidation is to be regretted, for with the amount of the 300,000 francs formed via the capital of the local banks, its own capital and the advances, this Regional Bank might have done a fairly important business and rendered a considerable service to the colony.

A Commission "of Agricultural Syndicates", composed of the presidents of the Chambers of Commerce, the president of the central agricultural

tural syndicate, the Treasurer and Paymaster, etc., with the attorney general as president, was charged to examine all acts relating to the constitution of credit syndicates and societies, before their authorization by order of the Governor. Further, a decision of April 8th., 1907 has organized the control and supervision of the banks, in accordance with the provisions of the decree of April 11th., 1905. A functionary accredited to each syndicate is invested with the same powers and has the same duties as the inspectors of the agricultural credit service in France.

In 1910 the mission for the inspection of the Colonies recognised the existence of 18 agricultural syndicates at Réunion. To improve their method of working, it proposed that the term of the loans should correspond with the life of the crops, that they should reduce their rate of interest to 5 %, as it is generally too high, and that they should exercise a more rigorous supervision over the local banks.

Mutual agricultural credit is thus fairly firmly organised at Réunion.

#### § 6. MARTINIQUE.

Agricultural credit is not yet organised at Martinique ; there are only some agricultural syndicates, somewhat scattered, at present seven in number, granting loans to small farmers under certain conditions.

In 1907, the General Council of the colony entered on its estimates of expenditure an amount of 6,000 francs as a subvention to the agricultural syndicates for the encouragement of the development of small farms by the foundation of agricultural credit societies. It authorized the Colonial Commission to increase this amount to 10,000 frs., in proportion to the number and needs of these syndicates, as the credit on the estimates was recognised as insufficient. The General Council, further, asked the Management of the Colony to make propaganda in behalf of the laws regulating the agricultural syndicates and societies in order to make known to the farmers the advantages that might be derived from these institutions. In a circular of May 10th., 1907, addressed to the mayors of the communes of the Colony the Government expressed its desire that the agricultural syndicates and associations should organize as early as possible ; it also desires the development of small farming, as a large portion of the arable land is still lying fallow, because the farmers can not obtain cheap credit. The Martinique Bank of issue in fact only grants loans to farmers on standing crops ; but it is above all an advance to small farmers that is needed for the initial expenditure on every farm, however small. As the small farmers find it very difficult to obtain loans, the Governor in his circular recommends the formation of agricultural syndicates, which, by constituting mutual credit societies, may facilitate for the small farmers the easy and profitable working of their holdings. It is with this idea that the General Council of Martinique has placed the amount of 10,000 frs. at the disposal of the agricultural syndicates formed among the small landowners, tenant farmers

and métayers cultivating farms of less than 5 ha. in area. This subvention was granted to the syndicates with the object of assisting them to meet the initial expense of installation, at the rate of 150 frs. per syndicate, on the production of a certificate from the mayor to the effect that the association consists of at least 150 members and is essentially composed of small landowners, tenant farmers, métayers and tenants paying rent partly in kind.

Since 1907, further credits have been voted by the General Council, and distributed among the agricultural syndicates; but there are as yet scarcely any other associations than the agricultural syndicates, and agricultural credit societies properly so called have still to be organized in Martinique.

#### § 7. GUADELOUPE.

Seeing the numerous agricultural syndicates there are in Guadeloupe, agricultural credit should have developed rapidly in that colony; unhappily, the attempts made led to no practical result, owing to the deficiency of capital.

A decree of the Governor of January 27th., 1908 instituted a Commission to prepare a proposal for the establishment of a regional agricultural credit bank. The colony asked to contract a loan of 4,730,000 francs, of which 1,100,000 frs. would be assigned for the foundation of this bank. The loan was not granted. But the idea was not, however, abandoned, since on February 25th., 1910 a first local agricultural credit bank was founded at Baillif and other banks were founded later. At a Congress held in 1911 at Basse-Terre 8 agricultural credit banks were represented and a request was made for the promulgation of the law of March 31st., 1899 on regional banks. To allow of the working of such banks, the General Council voted an advance of 50,000 francs, payable in five years.

A new Congress met on May 4th., 1913, at which there were represented the 21 local banks then existing in accordance with the law of November 14th., 1894. These banks have now 800 members who have subscribed 18,040 frs., of which 4,840 frs. are already paid up.

Since that date, new societies have been founded. They have formed a Federation for the defence of their common interests and the publication of a weekly paper "Agricultural Credit", which forms a sort of bond between these various local societies.

In 1912, the local Government presented to the Colonial Department a draft decree for the definite organization of mutual agricultural credit in Guadeloupe, but several objections were made against the proposal.

A new bill prepared by M. Sévère, Deputy for Martinique, was approved by the Permanent Committee of Colonial Legislation on Labour and Social Affairs.

But without waiting for the official organization, two regional mutual agricultural credit banks have been founded, one at Marie-Galante, the other

at Grande-Terre. This shows how mutual agricultural credit is extended in Guadeloupe.

#### § 8. NEW CALEDONIA.

The colonists of New Caledonia also have for several years been engaged in organizing mutual agricultural credit. The ruin caused by *Henri IV*, especially in the coffee plantations, has shown the advantages which small colonial planters might derive from agricultural credit.

On March 6th., 1911, after a conference at Nouméa organized by the Permanent Committee of Mutuality and Colonisation, an agricultural syndicate and a local bank were founded. Other syndicates and local banks have since been established in the island.

The General Council has approved a subvention of 10,000 frs. for these associations and an advance has been applied for from the Indo-Chinese Bank which has a branch at Nouméa.

It was first of all contemplated founding an agricultural discount office, a sort of central bank for the colony, on the system, now abandoned, as we know, in France and Algeria. Later on, the Indo-Chinese Bank was asked to grant an advance of 200,000 frs., not at interest, a discount at 4% the bills of the agricultural credit banks and to give 1% interest on the deposits made by the agricultural credit societies at the branch of the bank at Nouméa.

The Indo-Chinese Bank observed that the Bank of France pays no interest on deposits and the large banks only give  $\frac{1}{2}$  or 1%. It added that the interest asked for would be an indirect way of enabling the colonists to invest their money at 3%, while at present no interest is paid on deposits.

The Agricultural Credit Bank, the subscribed capital of which was of 5,425 frs., did not seem, besides, to offer sufficient security to the Indo-Chinese Bank for it to grant the advance of 200,000 frs. requested. This Bank afterwards pointed out that it would be advisable to require that the members should be jointly and severally liable and that the maximum amount of deposits made by each member should be limited, for example, to 10,000 frs. Finally, the obligation of taking part in the organization of agricultural mutual credit in New Caledonia did not appear to it to be clearly laid down in the convention between it and the Government, and, in fact, the Colonial Secretary did not feel he could impose the duty on the Bank in spite of a resolution passed by the French Oceanic Committee at a meeting in December, 1912, under the presidency of M. Guyesse, a former Minister, asking that the laws on regional mutual agricultural credit banks should be made applicable in the colonies as early as possible, subject to the necessary modifications.

## § 9. MADAGASCAR.

The colony of Madagascar is not essentially agricultural, but is tending to become so in consequence of the cultivation of rice which is largely extending. The Malagasy population is chiefly engaged in this class of cultivation and as they have not the capital to assure its progress, it is necessary to organize agricultural mutual institutions in the country.

On March 31st., 1909, the first native society was formed at Antananarivo for the storage and sale of Masmane rice, under the auspices of the local Government. This society has for its president the head of the Masmane Station, the only European in the society. The results are excellent.

At the moment they bring the rice, the natives receive an advance in money, so that they are able to wait for the favourable moment of the rise in price, which always follows the harvest, and assure themselves of considerable profits. Effort is being made to generalise the Antananarivo attempt, with a view to suppressing usury, and capital is placed at the disposal of the natives to permit of their installing themselves, buying seeds and facing eventual losses or bad sales.

Native thrift and mutual loan societies to which it is made compulsory for the natives to adhere should be founded in every part of the colony.

Agricultural credit is more difficult to introduce, as the colonists live at so great distances from each other. However, the matter has been under consideration during the last ten years. Resolutions have been passed; a commission has even prepared a draft decree for the institution of agricultural banks on crops and the regulation of the deposit business. The proposal was rejected in April, 1912, by the Minister of Finance, on account of the bank of issue asking for too large advances for the establishment of mutual agricultural credit in Madagascar.

## § 10. INDO-CHINA.

The Indo-Chinese farmer needs credit above all, as our Asiatic colony is a country of a single crop. The Indo-Chinese being poor are obliged to apply to the Chinese or Indians who lend to them at very high rates.

Loans are made usually on the land and the standing crops, at a rate of 3% for only thirty days. At the end of that period they are renewed at 3% and at the end of the year the rate is 36 or even 42%, the interest being added to the principal at each renewal. This business is considered honest in Indo-China, for the usurers lend at 80% and even sometimes at 140%.

Attempt has been made in different ways to improve the lot of the borrowers, but in vain. An Indo-Chinese Magistrate, M. Loyer, attorney for the Republic at Loctrang, drafted a scheme for the organization of mutual

agricultural credit, nearly the same as that we have in Europe, applicable at once to Europeans and Annamites. It is interesting but perhaps a little too advanced for Indo-China. It is also proposed to found native thrift societies and it is desired that the societies to be founded may be placed under the supervision of the local Government, at least at the start, and that the natives may be obliged to adhere, as is the case in Tunis.

The organization of mutual agricultural credit in Indo-China is thus still quite in the germ, but more and more efforts are being made to institute it.

#### § II. CONCLUSION.

The system of agricultural credit in France, which receives assistance from the State, while stimulating and encouraging private initiative, is therefore that which it is being attempted to introduce into the colonies where it has as yet only been partially applied.

The law on agricultural syndicates and local agricultural credit banks is already in force in almost all the colonies, but the foundation of regional banks has not been authorized except in Algeria and Tunis. A single regional bank would be sufficient in most of the old colonies, such as Réunion, Martinique etc. Whatever their number, advances would be granted to these banks by the Government out of the advances and annual contributions made by the colonial banks. This is at least what was asked for by the Committee of Colonial Legislation on Labour and Social Thrift, in accordance with a report by MM. Tardy and Gainard, in a meeting presided over by M. Lebrun, Colonial Secretary. This would be easy, if, as is contemplated, these banks are united into one large colonial bank. The colonial banks, having every interest in the promotion of agricultural credit societies, can only prosper when agriculture itself prospers, as the principal produce of our colonies is agricultural and, besides this, for purposes of intensive cultivation the farmers are more and more obliged to apply for credit, as in the mother country. Now the colonial banks cannot lend directly to the small colonists as they are not in a position properly to judge of their financial situation.

Besides, the regional banks will necessarily have to rediscount their bills; the colonial banks are quite naturally indicated for the purpose and they have consequently both a moral and material interest in the extension of agricultural credit.

Necessarily, the laws of 1898 and 1906 on agricultural warrants and the law of 1910 on the formation and preservation of small farms would have to be made applicable to the colonies and the maximum of 8,000 francs fixed by the law of 1910 for long term loans, might even with advantage be raised. So also the law of 1906 on advances to agricultural co-operative societies should also be extended to the colonies.

It would be advisable also somewhat to modify the law in force in some colonies, for example, in Réunion, in order that the advances

may be made to the regional agricultural credit banks, and not immediately to the syndicates.

Some colonial banks seem somewhat disposed to promote agricultural credit by granting the Government advances and an annual contribution. Others have made very serious objections to the proposal. So the privilege of these banks has only been continued for another year up to the end of 1914. The Government must enter into negotiations with them before the expiration of this new term of a year and submit to them at the date of the renewal of the privilege a proposition agreeable to all parties which will permit of the organization of agricultural credit on a serious basis in the various French colonies.

## 2. MISCELLANEOUS NEWS.

I. — AGRICULTURAL CREDIT AND DEPOSITS.— Most of the French regional banks use the advances they receive from the State to purchase securities as guarantee for the discounting of their bills ; others do not invest these advances but use them as the ordinary banks use the deposits they receive to discount bills presented by the local banks. This second method enables them to give the farmers cheaper credit. The Regional Bank of the Centre of Normandy to which 40 local banks with 3,707 members adhere, has followed a middle course. At its foundation in 1906, this Regional Bank understood the important use it might make of the deposits it would receive from the members affiliated to its local banks. By receiving these deposits and assuring them interest at  $2\frac{1}{2}\%$ , as a rule, it would be able to keep in safe some of the bills discounted, and a larger number of them in proportion as the amount of the deposits was larger.

This idea was perfectly understood in the district included within the sphere of action of the bank. From the commencement of its business, the amount of the deposits increased rapidly from year to year as we see in the following table :

	Amount of Deposits frs.	Number of Depositors
1908 . . . . .	305,208.75	30
1909 . . . . .	544,413.15	37
1910 . . . . .	1,252,067.15	64
1911 . . . . .	1,500,004.75	98
1912 . . . . .	1,526,562.14	123
1913 (1st. Nov.) . . . . .	1,432,186.97	132

On November 1st., 1913, the amount of the deposits since the beginning of the year exceeded 1,432,000 frs.; at that date, the credit balance was about 430,000 frs. Between 1907 and 1913 the deposits collected by the Regional Bank amounted to more than 6,500,000 frs. With the amount of deposits the number of depositors has also increased.

The amounts deposited vary considerably; the minimum amounts range, according to the year, from 30 frs. to 100 frs.; the maximum amounts from 30,000 frs. to 60,000 frs. In 1913 the largest amount to the credit of any account was 60,000 frs., the smallest 300 frs.

But the local banks affiliated to this Bank are ill suited for the collection of deposits, as they are only open on certain fixed days and at certain fixed hours. This is why in cantons where there are no banks, branch deposit offices independent of local banks, have been founded working under the immediate supervision of the Regional Bank. While unconnected with the local banks, these offices are only established in agreement with them. The only difference is the deposit offices must be continually open; we might call them agricultural savings banks, corresponding with the ideal of mutual credit organization. These bureaux are regulated very carefully. According to the rules, the agents collect the deposits made by the members of the local banks or made in their name, and forward them without delay to the Regional Bank; amounts are withdrawn on the application of those concerned, either immediately from the Regional Bank, or through the branch offices.

(Summarized from Henri Sagnier, in *Journal d'Agriculture pratique* of February 5th., 1914).

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2. — CREDIT FOR PURCHASE OF SMALL HOLDINGS. — The *Journal Officiel* of February 13th., has published the law on advances of the real estate credit societies for the purchase of small holdings as finally approved by the Chambers. We reproduce the first four articles, which make perfectly clear both its object and the conditions for its application.

Art. 1. — When there is connected with a single cheap house, a dependency of it, serving for the work of a small farm, either a cattle stall, or a barn, or any other building of the same kind, the real estate credit societies shall be authorized to grant mortgage loans over and above the maximum amounts fixed by law of April 10th., 1908, up to four fifths of the cost price or the value of these outhouses.

These loans may never exceed the amount of 2,000 frs. (exclusive of the costs and the single insurance premium).

Art. 2. — Loans may be made, under the conditions contemplated in the preceding article, for small workshops connected with single cheap houses.

Art. 3. — However, in order to obtain the supplementary loans contemplated in the two preceding articles, the borrower must prove he is in receipt of wages, or is a tenant farmer, metayer, husbandman, artisan or small employer habitually working alone or with a single labourer and the members of his family, receiving wages or not, living with him.

Art. 4. — In any case, the loans granted in terms of article 2 of the law of April 10th., 1908 and of the three preceding articles may not exceed, exclusive of the costs and the insurance premium: 1st., four fifths of the maximum cost price of the single house, calculated as provided in article 6 of the law of April 12th., 1906 and calculated, at the rate of  $4 \frac{3}{4} \%$ , from the maximum rental specified in the article for the house and commune in question; 2nd., the amount of 2,000 frs. contemplated in articles 1 and 2 above for farm buildings or small workshops; 3rd., if there are gardens of a maximum area of 10 ares, considered as legal dependencies of the house in terms of article 5 of the law of April 12th., 1906, above quoted, an amount of 1,200 frs. or else a fourth of the maximum cost price of the house if the said fourth is more than 1,200 frs."

This new extension of the field of action of the Real Estate Credit Societies in favour of agriculture will appear more interesting, if we examine the results already obtained by these societies. These results have been carefully set forth by M. Joseph Lardeur-Becquerel in the *Chronique sociale de France* of April 25th. We shall summarise them below.

The Real Estate Credit Societies were founded by law of April 10th., 1908. The first four years after the promulgation of this law were unpropitious: in some departments it was much if people consented to make the attempt and get together the funds and forces indispensable for the formation of the societies. Elsewhere there was hesitation, as people preferred to wait for the results of the attempt and for the simplification of the formalities imposed for the grant of the loans.

Thus on January 1st., 1912 only 11 societies had been approved. The subscribed capital did not exceed 2,004,000 frs., the paid up capital was 4,000 frs. and the advances they had received from the State amounted to 826,000 frs.

The publication of the first results obtained together with the passing of a new law on February 26th., 1912, soon altered this state of things: on January 1st., 1913, there were already 27 societies approved with a subscribed capital of 4,256,000 frs., 1,178,000 frs. paid up, which had received State loans for the amount of 3,371,000 frs.

Certainly, the progress had been rapid, since the year which had just ended alone saw the foundation of more societies than the four years that preceded it, but, to tell the truth, it is only in the course of 1913 that real estate credit definitely began to make progress.

On January 1st., 1914, the approved societies were, in fact, 65, with subscribed capital of 11,890,000 frs., 4,629,000 frs. paid up, and they had received 11,736,000 frs. in loans from the State.

These results have been attained by means of private initiative in association with the institutions authorized to co-operate with it.

Thus, the Savings Banks, authorized to invest part of their capital in shares in the Real Estate Credit Societies, had on December 31st., 1913, subscribed 1,142,000 frs. (nearly the tenth part of the amount subscribed by the shareholders of the 65 societies). Let us add that a large number of Banks are not content with sharing in the formation of the share capital required by law ; they have, in some degree, associated their personal existence with that of the Societies, letting them work in their offices and entrusting their management to their staff.

The rapid progress of certain societies has been no less remarkable than that of the institution itself ; they have in a short time extended in a really wonderful way so that it was possible to find in a single arrondissement, like that of Lille, a Society founded on May 3rd., 1911, which had authorized by December 31st., 1913, that is to say two years and a half after its foundation, 680 loans for a total of 4,541,000 frs, of which it had already transferred to the borrowers 3,805,925.40 frs.

## NOTICES OF SOME RECENT PUBLICATIONS RELATING TO CREDIT.

### GERMANY.

ALTROCK (Dr. W. von), General Secretary of the Prussian Royal College of Rural Economics (Landesökonomie-Kollegium). *DER LANDWIRTSCHAFTLICHE KREDIT IN PREUSSEN (Agricultural Credit in Prussia) I. DIE OSTPREUSSISCHE LANDSCHAFT (East Prussia Landschaft)* Publications of the Prussian College of Rural Economics, No. 15, Berlin, 1914. Paul Parey. 8vo., XVI + 269 pages. With 2 maps and a large number of tables.

The literature of German agricultural credit is very voluminous ; still, a complete account of the whole subject of agricultural credit was lacking up to the present. The want was often keenly felt when measures of reform were under discussion and this has undoubtedly been partly the cause why the measures adopted and the grounds assigned for them in the various parts of the country lacked unity. This is why the Prussian College of Rural Economics has begun the preparation of systematic statements of the conditions under which the agricultural credit system works in the various parts of the country, as well as a special report on the participation of the public savings banks in the agricultural credit service, with the object of thus bringing into relief the fundamental principles indispensable for the further development of agricultural credit in practice.

The above work on the *East Prussia Landschaft* is the first result of these studies, which have been encouraged by financial assistance from the Prussian Agricultural Department. It gives a complete account of the organization and work of the East Prussia Landschaft, which is one of the oldest and most important institutions of the kind in Prussia. The first part, devoted to the organization of the Landschaft, the exposition of its business operations, the conditions of its loan service, the investigation as to how far it has met the need for credit of the various agricultural bodies, and the work of the institutions subordinate to the Landschaft, gives a remarkable insight into the organization and working of these land credit co-operative institutions, which have had so beneficial an effect on rural landed property in Prussia. The second part deals with the development of the business of the East Prussian Landschaft and its subordinate institutions. Lastly, the third part contains a large number of statistical tables.

It is our intention to deal with the contents of the work more at length in a future occasion.

## AUSTRIA.

DENKSCHRIFT DER NIEDER-ÖSTERREICHISCHEN LANDES-HYPOTHEKENANSTALT AUS ANLASS  
IHRES 25 JÄHRIGEN BESTANDES 1889-1914 (*Memoir of the Provincial Mortgage Institute of Lower Austria on the 25th Anniversary of its Foundation, 1889-1914*). Vienna, 1914.  
Published by the Institute. I. R. Court and State Press. 41 pp.

RECHNUNGSABSCHLUSS DER NIEDERÖSTERREICHISCHEN LANDES-HYPOTHEKEN ANSTALT AM  
31 DEZEMBER 1913. (*Report of the Provincial Mortgage Institute of Lower Austria on December 31st., 1913*). Vienna, 1913. Published by the Lower Austria Provincial Mortgage Institute. I. R. Court and State Press. Vienna, 105 pp.

For the 25th, anniversary of the foundation of the provincial mortgage institute of Lower Austria, with head quarters at Vienna, the Institute published, independently of the usual annual report, a pamphlet for the occasion, in which its history is related, showing its advance in its different phases since its foundation up to 1913.

Founded in 1888 (by law of June 30th., 1888), it only began work on July 1st., 1889, having at its disposal a capital of 50,000 florins granted to it by the Diet. At that date, the need of an institute of the kind was keenly felt. In fact, the sources of credit then available to which the land-holders of Lower Austria would have to apply were, in Vienna, except for some mortgage banks limited by shares, almost exclusively the savings banks, and, in the province, small savings banks and rural or operative banks. So that the owners of real estate (houses and land), who had need of credit, could only count on the deposits invested at high interest, which, besides, could be withdrawn at any moment from the establishments in which they were placed. As to the rate of interest on mortgage loans in the provincial savings banks, it is enough to say that at the beginning of 1889, it had been raised to 5% and even more. For want of an intermediate credit institute that could take into account the interests of the land holders, the latter had not available a class of mortgage credit corresponding in its form to the special conditions of the soil and of real estate generally, and in its rate of interest to the conditions of the market.

When the Institute was founded there were already in Austria four of the same kind, that is to say, the mortgage bank of the Kingdom of Bohemia, founded in 1865, and the land credit institutes of Silesia, Moravia and Istria. Since 1841, there had existed in Galicia the "Association for Land Credit in Galicia". The Provincial Institute of Vienna was thus able to profit by the experience of these others and to progress rapidly to the real advantage of those concerned.

We cannot in this brief notice indicate the interesting and important events of the life of the Institute before it attained its present great development and we shall limit ourselves to giving some statistical data from the tables published with the Report.

From July 1st, 1889 to December 31st, 1913, the Provincial Mortgage Institute of Vienna granted 28,791 mortgage loans for a total amount of 45,414,900 crs.; of these loans 1,023 for 8,381,600 crs. at 4  $\frac{1}{2}$  %, 27,696 for 42,714,900 crs. at 4 % and 72 for 4,318,400 crs. at 3  $\frac{1}{2}$  %. In the same period, 4,967 loans for an amount of 83,882,500 crs. were repaid in full; there remained then 23,824 loans to be recovered, the original amount of which was 411,532,400 crs.

To the mortgage loans there must be added the communal loans beginning with March 1st., 1898. The number of these loans up to December 31st., 1913, was 1,199 for a total amount of 126,571,200 crs., 23 of them for 1,402,600 crs. at 4  $\frac{1}{2}$  %, 1,138 for 107,698,200 crs. at 4 % and 38 for 1,470,400 crs. at 3  $\frac{1}{2}$  %. Fifty seven loans for an amount of 13,029,200 crs. have been repaid, there therefore still remain to be recovered 1,142 loans granted to the communes for an amount of 113,542,000 crs.

#### UNITED STATES

ANNUAL REPORT OF THE SECRETARY OF THE TREASURY ON THE STATE OF THE FINANCES FOR 1912-13. Washington, 1913. Government Printing Office, in 8°. 125 p.

One section of the Annual Report of the Secretary of the Treasury is of particular interest, that, namely, which deals with the deposits made by the Treasury Department in the National Banks for the purpose of enabling the banks to meet the heavy seasonal demand for money during and immediately after the harvest. These deposits were made against commercial paper accepted at 65 per cent. of its face value and endorsed by the postitory bank. This was an unprecedented step, because commercial paper has never before been accepted as security for Government deposits. The Government offered fifty million dollars to be used for crop-moving purposes but up to November 25th., 1913 only thirty-four million dollars had been applied for and, according to the Secretary's Report, the movement of the crops and the whole trade and commerce of the country proceeded more easily and steadily than for many years past.

Another section of the Report of more than usual interest deals with the steps taken by the Treasury to allay the feeling of unrest which prevailed in the country before the Government had declared its intentions with respect to the two important questions of the tariff and currency reform.

#### GREAT BRITAIN AND IRELAND

REPORT OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURAL CREDIT IN IRELAND. Department of Agriculture and Technical Instruction for Ireland. Dublin, 1914. A. Thom and Co., Ltd.

In 1912 a Departmental Committee was appointed by the Vice-President of the Department of Agriculture and Technical Instruction for Ire-

land " to inquire into the existing system of credit available for the rural classes in Ireland : to suggest what, if any, improvements not involving financial assistance from the Exchequer should be made in the system ; and to consider especially the form of agricultural credit most suitable to the requirements of the occupiers of land affected by the Land Acts in the Western districts and throughout the country generally". The Committee made an exhaustive inquiry the results of which are now published in the form of a bulky report, which deals successively with the following sources of credit: Joint stock banks; Post Office and Trustee Savings Banks; Money-lenders ; Auctioneers who advance money to purchases (the sales sometimes even being fictitious) ; Shopkeepers who sell to farmers on credit ; Loan Fund Societies ; Co-operative Credit Societies ; Agricultural Loans and Grants administered by Government Departments ; and Mortgages on Land. We shall have occasion in a future issue to speak at some length of the information collected by the Committee and of its recommendation.

## Part IV: Miscellaneous

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### ARGENTINA.

#### THE HIGH FOOD COST IN ARGENTINA AND THE WORK OF THE CO-OPERATIVE SOCIETIES.

##### SOURCES:

BOREA (Domingo): Estudio sobre la carestia de la vida en la Republica Argentina, especialmente en la ciudad de Rosario (*Study on the High Cost of Living in the Argentine Republic, especially in the city of Rosario*) (*Boletin Mensual del Museo Social Argentino*), March, 1914.

BOLETIN DEL MINISTERIO DE AGRICULTURA (*Bulletin of the Department of Agriculture*),  
BOLETIN MENSUAL DE LA DIRECCION DE ESTADISTICA Y ECONOMIA RURAL. (*Monthly Bulletin of the Management of Statistics and Rural Economics*).

The problem of the high cost of life and especially of food is not only troubling the countries of the old world with their dense populations and their thousand year old agriculture, it is also already seriously disturbing the new countries where the population is sparse and the land has hardly been touched by the plough. A recent enquiry, promoted by the Museo Social of Argentina shows us how a country endowed with a very fertile soil and excellent climate, like Argentina, producing grain and cattle in quantities far beyond its own needs, is not able to provide cheap food for its small population. The study made by Dr. Domingo Borea of the Division of Statistics and Rural Economics in the Agricultural Department, has more especial reference to the city of Rosario; but this city may be considered as a typical Argentine urban centre and in his report he does not omit to give other general data also; so we may say the results of the enquiry have a larger interest and give an idea of the cost of life in the more populous portion of Argentina, the great grain region.

According to the report, the principal causes of the high cost of life in Argentina may be summarised as follows:

(a) The faulty method of colonizing the land, which has come into the possession of a few privileged persons and hinders the gradual execution of the ideal programme : "The land for the cultivators";

(b) The excessive increase of the price of land by artificial means;

(c) Absenteeism, which has hindered the technical progress of agriculture and the formation of moral and economic relations between the proprietors and the labourers;

(d) The excessive increase by artificial means of the price of land in the districts of the urban municipalities, which has prevented the greater part of the labourers and clerks from acquiring holdings in suitable localities and has led to exorbitant charges for house rent;

(e) The increase of the debt on mortgage which is largely a negative factor;

(f) The prevalence of sales by auction (*remate*) encouraging speculation, greed and fraud in regard to the raising of the price of urban and rural land;

(g) The high customs charges on many articles of habitual use to meet the excessive national expenditure, the excessive expenditure of the provincial governments, and the bad administration of many communes;

(h) The speculation of the numerous middlemen between the producers and consumers;

(i) The improvement of the mode of living without any adequate increase of wages and salaries corresponding with it.

Of this group of causes it is only the last but one that is studied in the report, namely the speculation of middlemen in the purchase and sale of articles of food. The great remedy for this evil, it is asserted is the organization of producers and consumers. Let us briefly state the results of the enquiries our author has made into the increased cost of the principal articles of food, bread, meat, vegetables etc., and give some idea of the co-operative institutions he proposes should be founded for the defence of the citizens against speculators.

*Bread.* The Republic produced in the year 1910-11, 3,973,000 tons of grain (1); of this, 1,500,000 tons were consumed in the country, 2,473,000 tons were exported. In spite of this large excess of production beyond the needs of the country, the Rosario and Buenos-Aires consumer paid 28 centavos (61 centimes) a kilo for first quality bread. The price of bread, as well as that of meat, has for some time been tending, owing to the wonderful extension of the system of cold storage, to approach nearer and nearer to that on the large markets of the importing countries, but it is none the less true that the unrestrained speculation of local middlemen has always been one of the principal causes of the rise in price.

To combat this extortion and to obtain a reduction in the price of bread according to the report, it is necessary to constitute co-operative societies

(1) For the production of wheat and other cereals, see in the number of this bulletin for October, 1911, the article "Some Indications of the Economic and Agricultural Progress of Argentina".

among the inhabitants of every city and every important centre to purchase flour directly from the producers, or preferably from co-operative societies of producers at the price these latter obtain from the monopolists (*acopiantes*). The co-operative bakehouses should have their own mills so as to gain a considerable saving on the cost of flour. To day the baker pays 12 pesos per metric quintal of flour delivered at his establishment: by the system proposed, the consumer, member of the society, could buy flour at 12 pesos. If 100 kg. of white flour produce 110 kg. of bread and the expenses come to 9 pesos per 100 kg. of bread made, we shall have first quality bread at 20 centavos (0.44 frs.) a kg., after paying a fair interest on capital and fair wages to the staff. At present it will be very difficult to reach this ideal; but meanwhile a certain reduction in the price of bread may be obtained if all the bakehouses, co-operative or not, unite to build a common mill to make the flour required for bread and paste. It could be left to the other mills to produce flour for exportation.

It seems this idea will be realised, at least to some extent, in the federal capital; in fact there is a plan to form a society limited by shares among the proprietors of bakehouses, manufactoryes of paste etc., under the name "*Compañía molinera de Buenos Aires*". Since 1904 the city of Rosario has possessed an important institution of the kind, the *Co-operativa social de Pan*, with 1,028 members. Consumers who are members, besides having the possibility of refunds at the end of the year, have the right to buy first quality bread at 23 centavos a kg. (while the usual prices are from 28 to 30 centavos). When a person is not in a position to buy a share (10 pesos), in order to become a member of the society, he may buy bread from the management at 25 centavos, together with an order for 2 centavos: with 500 such orders he may purchase a share and become a member of the society. In 1912 the society made 360,000 kg. of bread, representing about 330,000 kg. of flour.

The 78 bakehouses of Rosario used 12,149,176 kg. of flour in 1912; in 37 co-operative establishments of the above character the city could produce bread of the first quality at 23 centavos. The report considers that the installation and working of these 37 bakehouses would only require capital of 800,000 or 900,000 pesos, which could easily be collected, by means of a subscription of shares of 4 pesos per inhabitant, payable in small instalments. In addition to this, for about an equal amount, a large common share could be installed, by means of which the consumer might make a further saving and obtain first quality bread for 20 centavos.

*Meat.* — The Argentine Republic, par excellence, the land of herds and pasture, which has more than 30,000,000 head of horned cattle, more than 4 head per inhabitant and exports a considerable part of its annual produce (1) (it is calculated that in 1911 5,300,000 head of cattle were confined in the country and 1,504,537 exported), has also to complain of the high price of meat. The price of this article of the first necessity, up to a few years ago extremely low, has greatly increased in almost the whole country.

(1) See the article referred to in the preceding note.

and is doubling and increasing threefold the cost of life, since the articles it might be substituted for it, such as vegetables, fruit etc., are even dearer. The principal cause of this is the large demand for Argentine meat on European markets, a demand very considerably increased as a result of the institution of freezing establishments.

But is it right, it is asked in the report, that the price of Argentine meat should be fixed by the foreign market that consumes only three tenths of what the home market does? It is, necessary, it goes on, to add the proposal often made of imposing an export duty of 10 % on meat and the by-products of the meat industry, as well as on the importation of implements and machinery necessary for the preparation of meat for export; the amount of the above taxes must vary as experience shows advisable. The export duty must be paid by the stock farmer, with the object not only of lowering the price of meat on the home market, but also of arresting the destruction of the national livestock wealth by which the country is threatened. In view, in fact, of the continually increasing demand for Argentine meat on the market of the world, the existing freezing establishments, not to speak of those to be established hereafter, may increase their exportation threefold. This would be a serious loss, for if, on the one hand, great wealth is thus attracted to the country, on the other, there is a serious menace to all the patient laborious work of livestock improvement undertaken in recent years by Argentine stock farmers. If the export duty is imposed, adds the report, it is not to be feared that the Argentine freezing establishments would have less work or profits, for the amount of meat now consumed abroad will be still required by the same countries; the National Treasury, on its side, will gain several million pesos which may be devoted to works of public utility, such as that of home colonisation; the Argentine consumer, finally, will obtain a reduction on the price of meat. Let us now see what the production of meat costs, what is the price of cattle on the large markets and the retail price of meat, what savings may be made by the imposition of an export duty and by co-operative organisation.

From a careful study published by Señores Lan and F. Cruz Mendoza in the Bulletin of the Department (1) and statistics given in the Monthly Bulletin of the Division of Statistics and Rural Economics, we learn that:

- (a) the average cost price per kg. of live beef is 15 centavos;
- (b) on the large cattle markets the price per kg. of live beef is from 23 to 26 centavos;
- (c) as a yield of 65 % is obtained, the price of 1 kg. of meat net weight is from 35 to 40 centavos on the same markets.

We must note that in the cost price (15 centavos) is included 6 % interest on capital invested in livestock improvement, consisting of the value — often too high — of the soil, that of the animals, the general expenses etc. If therefore we estimate the value of the land, as would be logical and

(1) DAMIÁN LAN Y F. CRUZ MENDOZA. "Apreciación del costo de la producción de Cattle." *Boletín del Ministerio de Agricultura*, January, 1918.

reasonable, at a third lower, we shall see the cost price falls to 12 centavos.<sup>1</sup> The meat is bought on the large cattle markets at from 23 to 6 centavos, let us say an average of 24 centavos: the 9 centavos difference may be distributed as follows: 4 centavos to the producer, to the middlemen (commission agent, receiver etc.), 2 centavos for cost of transport and slaughtering.

If we now examine the situation of the consumer we see that in the urban centres of the Republic, at Buenos Aires, Rosario etc, beef (flanks &gs. meat for boiling and for roasting) is bought at 50 or 60 centavos a kg., cows' loin at from 1 peso to 1.20 peso a kg., loin of veal at from 1.20 to 1.40 peso; lamb at from 2.40 pesos to 2.60 pesos a quarter; and pork at from 85 to 90 centavos a kg.

On an average, therefore, the consumer pays 80 centavos a kg. for beef, while the cattle dealer buys at from 35 to 40 centavos a kg.

The difference is made up as follows:

Charges for slaughtering and various other charges paid by the dealer	centavos
Gross profit of dealer	4
Gross profit of butcher	36

We have no figures showing the net profits of the two middlemen: it is certain, however, that the dealer makes the largest profits in proportion to the capital and labour supplied. Under these circumstances, adds the report, it would be exceedingly advantageous to found *co-operative societies among the consumers of meat* in the various urban centres. The societies would purchase directly from the *estanciero*. On this system, the price of meat, net weight at Rosario, Buenos Aires etc. might be reduced as follows;

Cost price at the <i>estanciero</i> (15 centavos live weight, 23 dead weight)	\$ 0.23
Profit of the <i>estanciero</i> (limited to 2 centavos live weight for the new export duty of 10 % and amounting to 3 centavos net weight)	» 0.03
Transport etc	» 0.03
Charges for slaughtering and miscellaneous charges	» 0.04
1% interest on the capital invested in the society (800,000 pesos or 900,000 pesos), working expenses, taxes etc.	» 0.07
 Total . . .	 \$ 0.40

This price of 40 centavos a kg. would be the average rate for cows' meat and veal; so that ordinary meat could be obtained at 35 centavos, and that of heifers, etc., at 45.50 centavos, instead of the prices paid to day, respectively from 70 to 80 centavos and from 1.20 to 1.40 peso.

In addition to this great advantage, co-operation may have other considerable benefits, as, for example, it may lead to the improvement of the

method of cutting up the meat, provide a guarantee that the weight is correct etc. In the report it is calculated that a capital of 800,000 or 900,000 pesos would suffice to found a society that could supply the whole city of Rosario with meat; this amount, it is said, could be easily collected if every inhabitant would contribute 4 pesos.

*Vegetables and Fruit.* — Rosario, like the other important Argentine centres, consumes a large amount of vegetables and fruit: it is calculated that in 1912 its 219,677 inhabitants had consumed 1,141,140 quintals of vegetables and 550,130 quintals of fruit. A large part of this produce comes from suburban gardens and market gardens: the gardeners are almost all tenants paying from 50 to 120 pesos a cuadra (1) with the obligation to plant a certain number of fruit trees and vines. The paid labourers receive from 50 to 60 pesos the month, besides food and lodgings.

The cost of this produce is made up as follows: lease of the land, costs of cultivation, carriage of the produce to the market.

The lease is comparatively low: large reductions may be made in the costs of cultivation and transport, by means of co-operative action, with adequate facilitations on the part of the State and the municipalities. Meanwhile, with the intention of diminishing the cost of cultivation, various producers of the region have formed an association called, "*Centro de quinteros, pasteros, y agricultores*", which has to-day 260 members. Its general object is the protection of the interests of its members and it especially aims at improving the roads and the means of transport, sale etc. Among its members there has recently arisen a co-operative society called "*Mercado de abasto cooperativo gremial*" the object of which is the construction and maintenance of a large wholesale market, where the farmers may sell their vegetables and fruit cheap. The initial capital of this society was fixed at 100,000 pesos, in 100 peso shares, most of which have been subscribed by 60 or 70 persons. The income is derived principally from taxes on areas occupied by the members of the society and from rents, paid by merchants for their warehouses. The expenses amount to about 50,000 pesos. The co-operative market seems to work fairly well: the farmers bring their produce to it early, so as to be able soon to return to their fields and each time they pay one, two or three pesos, according to the space taken up, and an additional peso for every cart of vegetables as municipal tax.

But the producers of vegetables and fruit must organize the collective sale on co-operative bases; the trade in these goods in Rosario, Buenos Aires etc. is in the hands of monopolists who take advantage of the isolation and necessities of the producers and consumers. In Tigre, which is a very fertile region of the Lower Paraná, they have been seen to throw large quantities of peaches into the rivers in order to prevent prices falling.

In addition to collective sale, the gardeners' association must have other objects of not less importance, such as the purchase of seeds, machinery

(1) A cuadra is 10,872 sq. metres.

askets etc., credit, the technical improvement of horticulture, in fact, an entire programme of professional action. In order to promote their foundation, the writer of the report has compiled model rules for these horticultural co-operative societies. According to these rules, the society must have as its object, the purchase of vegetable seeds, grain, alfalfa seed, etc., machinery, implements etc., all the requisites for the work of horticulture as well as for the household use of the members and also the collective sale of its members' produce. It must seek further to encourage horticulture and improve the methods in use, by means of lectures, publications, courses of practical instruction, experimental farms, shows, exhibitions etc., and urge the Government to make new roads and improve those already existing and to favour the foundation of other associations for the extension of horticulture.

The initial capital will be 50,000 pesos, divided into 2,000 personal shares of 5 pesos each payable in monthly instalments of 5 pesos; it may be increased to 200,000 pesos by the issue of three other series. To become a member, it is necessary to subscribe at least one share and pay a monthly contribution of 1 peso. Fifteen per cent of the net profits will be placed to the reserve fund, the rest will be distributed as follows: 1 % to the president, 1 % to the secretary, 2.50 % to the other members of the board, 1 % to the syndic, 3.50 % to the legal representative in addition to his salary, 11 % to the formation of a fund for the foundation of a model farm and a nursery and the institution of horticultural shows with prizes.

The rest, after payment of a dividend of not more than 6 % on the shares, will be distributed among the members in proportion to the value of the produce they contribute to the society.

On their part, the consumers should form co-operative societies for the purchase of vegetable produce from the producers or their co-operative sale societies. To give an idea of the extortions of the middlemen, the report mentions the following example: oranges bought at Villette (Paraguay) at 6 centavos a dozen are sold at Buenos Aires and Rosario at from 35 to 40 centavos, with, when the cost of transport is reckoned at 3 centavos, a gain of from 25 to 30 centavos a dozen. A co-operative distributive society might sell them at 15 centavos and still make a profit of 5 centavos a dozen.

*Milk.* — At Rosario the milk the producers supply at 7 centavos a litre is sold by the dairies and itinerant vendors at 12 or 15 centavos, according to the treatment to which it has been subjected. To settle this question of the supply of milk, the report proposes that the city of Rosario should follow the system adopted by the city of Genoa. The "Genoese Agricultural Co-operative Consortium" buys milk from the producers federated in co-operative societies and sells it in consignments of different amounts to private persons and charitable institutions. A similar institution could furnish cheap and healthy milk to the consumers of the city of Rosario and for this purpose a capital of 200,000 pesos, one peso per inhabitant, would be enough.

Similar organizations should be founded to obtain reductions in the price of other articles of food, eggs, fish, sugar etc.

In conclusion, the author of the report trusts that, with a close network of co-operative organizations, among the producers of milk on the one hand and the consumers on the other, it will be possible to settle the great difficulty of the high cost of life. The consumers in the city of Rosario by paying a small contribution (20 pesos a head) could put together an amount of more than 4,000,000 pesos and constitute a whole system of co-operative organizations: co-operative mill, co-operative bakehouse, co-operative slaughterhouse, co-operative society for the sale of vegetables and fruit, co-operative dairy (for the sale of milk, butter, eggs, and fowls) and co-operative distributive society (for the sale of wine, oil, sugar etc.).

Considering the present consumption, the writer of the report holds that every citizen would thus save 70 or 80 pesos a year, without taking into consideration the benefits to be derived from healthy food. But to reach this ideal state, observes the report, we must form the co-operative *conscience* of the consumer, we must train the future managers of the co-operative organizations, and the apostles of co-operation should undertake this work with zeal and perseverance.

## JAPAN.

### HOME COLONISATION

#### PART II.

##### *HOME COLONIZATION IN HOKKAIDO.*

###### § I. GENERAL HISTORICAL REMARKS.

Hokkaido, is, as we know, the second largest island in the Japanese archipelago. It is about 95,700 square kms. in area and is divided by a central mountain system into three large main plateaux, one in the North trending between Kitami and Teshiro, one in the South East from Nemuro to Moyori and Tokachi and one in the South West, including Ishikari, Eika, Shiribeshi, Iburi, and Oshima. The last is the most important of the three plateaux, both as regards soil and climate, as the others are too moist or too dry. In the plateau of Ishikari the economic and demographic conditions are better than in the other plateaux; agriculture has made more progress there, the population is denser, the system of roads and railways more complete.

It is difficult, while the real geology and chemistry of the soil are still little known, to say how much of the territory of Hokkaido is really suitable for agriculture; the experimental farms estimate it at about 30,000 *chō* (1) (2,356,200 ha.).

The quality of the soil of Hokkaido varies very much in different localities and not seldom near fertile land rich in mould we find dry and rocky tracts with layers of lapilli.

The climate also varies considerably in different localities. Near the coast it is fairly mild, in spite of the high latitude; in the interior, however, the climate has a markedly continental character, with cold winters and very hot and dry summers.

These climatic conditions cause vegetation to be retarded two months longer than in Central Europe, and it lasts for a correspondingly shorter period. All the same, the agricultural produce is excellent and abundant.

1 : *chō* = 0.99 ha.

Dr. Max Müller, Professor at the Sapporo University, writing in regard to the agricultural development of this part of the Empire, describes as follows (1): "Agriculture and livestock improvement in Hokkaido are still to-day at a stage of development which finds no parallel in any of the European countries: it is above all characteristic of the country that, except as regards the cultivation of rice and silkworms, the whole agricultural development may easily be seen to be not a native growth, the product of the love of the soil and the habits of the people, but of importation. Both agriculture and livestock improvement here, to a large extent, owe their existence to the imitation of Western systems. But these systems have not evolved here with the customs and habits of the people. Thus, for example, the German peasant has for generations cultivated rye, wheat and above all potatoes; the Japanese peasant, on the contrary, was accustomed to cultivate rice; if now the German were suddenly obliged to devote himself to the cultivation of rice and the Japanese to that of potatoes, undoubtedly mistakes would be made on either side, owing to want of experience."

Hokkaido thus is a land in which the agricultural economy differs from the traditional system of Japan proper, of which we have spoken at length in the first part of this study of ours. It is therefore so much the more interesting as it gives the student an important opportunity for estimating the qualities of the Japanese as colonists and the ability of the Japanese Government in organising and directing home colonisation.

Before entering on this subject, we shall make some observations in regard to the history of Hokkaido, as we have already done in the case of Japan proper, and as is always necessary in order to form an accurate idea of the existing economic and demographic situation of a country.

Every body knows that, before the Japanese, coming from the South, began to occupy Hokkaido, the island was inhabited, as it still is in part, by aborigines known by the name of Ainu. Japanese history is not clear with regard to the precise date when the Japanese first entered Yezo; it seems it was about the middle of the twelfth century. But the real conquest of the island took place only three centuries later and was accomplished by Nobuhiro Takeda, head of the Matsumaye family, which was afterwards invested with the feudal lordship of the island.

We have thus a first period in the history of Hokkaido; that of the dominion of the Matsumaye family.

This era may be subdivided into two shorter periods: the first from 1590 to 1798, the second from 1821 to 1855. In the interval from 1783 to 1821, the island fell under the immediate dominion of the Tokugawa family.

Considered generally, the rule of the Matsumayes was not greatly beneficial to Yezo; indeed they did all they could to leave the land as it was. This, according to the opinion of Dr. Takaoka, a competent authority,

(1) Cf. *Die Landwirtschaft, Tierzucht, etc. Hokkaidos*, by Dr. Max Müller. T. 3. Hobunsha: page 3.

was because they were afraid of losing their fief if they made it a country of rich and fruitful farms, which would, without doubt, have excited the cupidity of the Tokugawa Shoguns. To this political motive another of economic character was added. In fact, the Yezo merchants opposed the reclamation of land in the island, fearing, groundlessly, that it might be fatal to the exchange of the produce of the coast for rice produced in Japan. In fact, the period is only of negative importance for the history of home colonisation in Hokkaido and so we shall say nothing more in regard to it.

On the other hand, the period of the immediate rule of the Tokugawa family, though very brief (1855-1868), is more important. The policy of this family in Yezo was based on three principles: the government of the natives with firmness but also with kindness; the strengthening of the defences of the island; the reclamation of the land. To attain this last end, which alone concerns us, they attempted above all to establish a current of immigration from Japan proper. It is, however, to be noted that the necessity of the military defence of the island led the Tokugawas not only to make an important system of roads but also to encourage horse improvement: the desire of rendering the working classes of the island more independent led to a larger agricultural production. In fact, measures of a military character, up to a certain point, corresponded with others of agricultural and economic nature.

But the colonial policy of the Tokugawas had only a short time to develop in. External events, originating with foreign pressure for the opening of the ports, were very soon to lead to the fall of the Shogun's Government and the Restoration of the power of the Mikado: in 1868, old Japan disappeared and the progressive advance of new Japan began.

#### § 2. THE KAITAKUSHI OFFICE (COLONIAL DEPARTMENT).

In 1869 a special office was created for the affairs of Yezo, called *Kaitakushi*, that is the Colonial Department. With this really began the work of home colonisation, which had previously been only imperfect, intermittent and often inconsistent. But the *Kaitakushi* had not the complete and absolute administration of the island, which was indeed subdivided among 36 extremely heterogeneous administrative bodies, consisting of 1 ministerial department, 24 fiefs, 2 temples, 1 administrative district and 8 *samurai*. The faults of this subdivision were not slow in declaring themselves, so that, in 1871, the *Kaitakushi* was made the sole institution on which the whole administrative policy of Hokkaido depended.

Although the *Kaitakushi* was abolished in February, 1882 and substituted by three administrative departments immediately dependent on the Central Government of Tokio, it will be well to give a short account of its work with which the colonisation of Yezo really began. We shall therefore divide our study of the work of the *Kaitakushi*, as follows:

- (A). Measures for obtaining the necessary labourers for the farms;
- (B). Measures for reclaiming and improving the land;
- (C). Prizes and encouragements.

(A). *Measures for Obtaining the Necessary Labourers.* — The difficulty in finding labourers was not so much due to the small number of those who desired to emigrate, as to the want of means of the emigrants themselves, who, very often, had not even the money necessary for the journey. On the other hand, the new régime, was a period of transition to a large extent, the work of colonisation was urgent and it was necessary to take advantage, without delay, of the good opening offered for it.

In November, 1869, a first law on emigration to Hokkaido was passed. By this law the emigrants were subdivided into four classes, namely:

- 1st. Peasants emigrating at the charge of the *Kaitakushi*;
- 2nd. Peasants emigrating at their own expense;
- 3rd. Workmen and traders emigrating at the charge of the *Kaitakushi*;
- 4th. Workmen and traders emigrating at their own expense.

The peasants of the first class received 5 yen (1) to cover the costs of their first establishment; farm implements, household furniture and an amount of rice varying with the number and age of the members of the family, and, to be exact, 1 litre of rice a day for every individual over 15 years of age, 0.8 litres a day for children between 7 and 15 years of age, and 0.6 litres for every child under 7 years of age. Besides this, these peasants received 2 yen for every tenth of a hectare to meet the expenditure on reclamation and seeds in the first year.

The peasants of the second class only received farm implements and household furniture. It being, however, taken into consideration that they must live at their own expense, a larger subsidy was granted them towards their expenditure on reclamation, namely 10 yen for every tenth of a hectare. The workmen and traders of the third class received 100 yen for their work of cultivation and 50 yen a year for domestic expenditure; these advantages they enjoyed for three years. In addition, emigrants of this class might obtain additional assistance under the form of a loan of 100 yen for the building of a house, and other 30 yen for the installation of a shop etc. This amount was to be repaid in ten yearly instalments. The workmen and traders of the fourth class might contract a loan of 100 yen for farm expenses; if, however, they did not avail themselves of this, they received an annual bonus of 50 yen.

This law shows the interest taken by the *Kaitakushi* in the immigrants; taking into account above all the very limited number of those who emigrate at their own expense, we may easily understand, that these protective measures, the advantages from which could only be reaped at a remote date, increased the debits in the local accounts to a very considerable degree.

The results obtained by the *Kaitakushi* were, however, far other than those anticipated from the application of these measures. Dr. Takaoka observes that two courses were open to these emigrants: that of diligent

(1) yen = 2.58 lbs.

or that of idle enjoyment of the Government assistance, in the hope of more assistance in the future.

A large number of the emigrants took the second course, with the inevitable result : poverty, bankruptcy etc.

The *Kaitakushi* finding that the facilitations offered by the Government became an excuse for lazy self indulgence, decided to abolish the subsidies to the emigrants who went at Government expense and to reduce the facilitations granted to the others. So the severe law of 1873 was passed by which the emigrants were placed under strict but just regulations, obliging them to work under the immediate supervision of the authorities. The Government was to pay the costs of reclamation only when it considered it advisable in view of the circumstances of the farmers, the diligence shown by them and the results obtained. This law, which perhaps was excessively reactionary, caused an arrest of the movement of emigration : several emigrants were compelled to return home, so that the *Kaitakushi*, ad, about a year later, in 1874, to promulgate a new law in mitigation of the severity of that of 1873. The excessively severe measures were abolished ; the subsidies were given again but less easily and according to the advice of the authorities ; special provisions were made for the restitution of the farms to the State on the emigrants' returning home etc. The results, even the immediate results, were satisfactory, so that in 1875 was even possible to amend and simplify the provisions of the law published in the preceding year, as follows :

- 1st. Subventions for reclamation were abolished ;
- 2nd. Subventions of 10 yen were granted for the farm expenses and 5 yen for seeds in the first year.
- 3rd. Farm implements were granted ;
- 4th. Land was granted freely on condition of its being reclaimed within 3 years ;
- 5th. The immigrants' farms were exempted from taxes for 7 years.

These provisions remained unchanged for the whole period the *Kaitakushi* continued to work, that is until the end of 1883.

(B). *Measures for the Reclamation and Improvement of the Land.* — When the *Kaitakushi* first began working the immigrants had no right of property in the land they were to cultivate or reclaim, as it belonged to the State. The absence of the incitement given by personal ownership as a reason why the work of reclamation proceeded with difficulty and without enthusiasm on the part of the farmers. The *Kaitakushi*, understanding the situation, hastened to improve it and, in 1872, made some important regulations in the matter. First of all, the colonists permanently established in Hokkaido were allowed to become at once personal proprietors of the land transferred to them by the State and reclaimed by them.

A year later, the *Kaitakushi* fixed 100,000 *tsubo* (1) (ha. 33.33) as the maximum area that one family could obtain from the State to reclaim.

<sup>1</sup> *tsubo* = 3.33 sq. m.

The State collected 1 yen on every 1,000 tsubo of land to be reclaimed ceded as private property. These regulations, however, at first applied exclusively to the environs of Sapporo, the seat of Government in Hokkaido.

But, notwithstanding the considerable increase in the number of immigrants, and the improved conditions of the country and its trade, the work of reclamation and colonisation proceeded slowly. The *Kaitakushi* then decided to generalise and improve the preceding regulations, without abandoning the main principles. Among the most important modifications we shall remark that :

1st. The farms were exempted from taxation for ten years from the date on which the reclamation was begun ;

2nd. The charge for transfer was calculated at 1.50 yen per 1,000 tsubo (ha. 0.33) for first class land ; 1 yen for second class land and 0.50 for third class land.

Payment had to be made in cash. The law, however, admitted some exceptions, by which payments might be made in 3, 4 or 5 annual instalments.

3rd. The purchaser might utilise the land bought at his pleasure.

4th. The Government reserved the right of resuming possession of the land transferred, if the purchasers had not begun the work of reclamation within a period of 12 months in the case of first class land, 15 months in that of second class, and 20 months in that of third class land, counting always from date of transfer.

These provisions, which formed the real basis of the work of colonisation of Hokkaido by the *Kaitakushi*, continued in force for some time after the abolition of the latter and up to the end of 1886.

(C). *Prizes and Encouragements* — We have now shown the measures devised by the *Kaitakushi* to hasten the work of colonisation let us say a few words more in regard to the prizes and encouragement the Government of Hokkaido decided to give in order to complete its work of direction of the reclamation of the island.

In addition to the transfer for a small amount, and in some cases even free of charge, of agricultural implements and machinery and domestic furniture, seeds etc., the *Kaitakushi* decided to give the colonists prize in kind calculated in accordance with the area reclaimed, the difficulty and the amount of the work. The following prizes were granted to this end :

1st. First class prizes of amounts of rice of from 7 to 10 *sho* (13-18 litres) for every tenth of a hectare reclaimed, for those who, in spite of great difficulties presented by the work, have succeeded in reclaiming at least 2 hectares ;

2nd. Second class prizes of half the above quantity of rice, for those who, possessing land not difficult to reclaim, have reclaimed at least 4 ha. of it.

3rd. Third class prizes of from 4 to 6 *sho* of rice (8-11 litres) for

(1) 1 *sho* = 1.180.

every tenth of a hectare for those who, in the conditions mentioned under the first head, have reclaimed at least 1 hectare;

4th. Fourth class prizes of from 1 to 3 *sho* of rice (1.8—5.5 litres) for every tenth of a hectare for those who, in the same conditions, have reclaimed at least half a ha. of land.

5th. Fifth class prizes (half the amount of the 3rd. class prizes) for those who, in the conditions mentioned under the second head, have reclaimed at least 2 ha.;

6th. Sixth class prizes (half the amount of the 4th. class prizes) for those who, in the conditions mentioned under the second head have reclaimed more than 1 ha.

### § 3. THE ADMINISTRATION OF THE GOVERNMENT OF HOKKAIDO.

(*Hokkaido-Chō*)

We have already mentioned that, in February, 1882, the Central Government abolished the *Kaitakushi* and substituted for it the Administrative Department for the island of Yezo, with three divisions immediately dependent on the Central Government. These three divisions were those of Sapporo, Hakodate and Nemuro. The heads of the divisions, however, were exclusively occupied in the supervision of the conduct of the ordinary administrative business, while every thing connected with reclamation and colonisation was directly dealt with by the Department of Agriculture and Commerce at Tokio. However, this subdivision and decentralisation did not give good results, so that in 1886, on the general reorganization of the Central Government, it was decided to give the Hokkaido administrative department a firm, organic and independent form. This department, which is that still acting and has given excellent results, is called *Hokkaido-chō* (Hokkaido Government), has its head quarters at Sapporo and is immediately dependent on the Tokio Cabinet. Really this amounts to a reconstruction of the *Kaitakushi*: but the colonial policy of the *Hokkaido-chō* has differed profoundly from that of the *Kaitakushi* we have been studying.

Under the administration of the latter, questions relating to home colonisation, reclamation of waste land and immigration occupied only a part and not the principal part of the attention of the Government: the *Hokkaido-Chō*, however, followed and still follows a policy that may be summed up as: the greatest simplification of the ordinary administrative business and the greatest encouragement of everything relating to home colonisation.

It is natural that this most important and effective administrative action should be exerted in every department dependent on the local Government: the *Hokkaido-chō*, consequently, follows a commercial, industrial and agricultural policy entirely directed to the above end, reorganizing the systems of roads and railroads, and the ports, and sea

and river navigation, exploiting the forests and fisheries and pasture land and promoting livestock improvement etc.

It is not possible here to follow the methodic, sagacious and persistent work of the *Hokkaido-Chō* in each of these branches: we must necessarily confine ourselves to indicating the principal points of its agricultural policy as follows:

- (A). Choice of the localities best adapted for immigration;
- (B) Legislation on the concession of land;
- (C) Provisions in behalf of and encouragements to immigrants.

*(A). Choice of the Localities Most Suitable for Immigration.*

In contrast to what was done by the *Kaitakushi*, the new department began its work of colonisation by sending annually into the interior of the island special technical commissions to study the general situation of the farms, their geological and climatic character, the chemistry of the soil, the greater or less facilities for irrigation, communications etc.

This work, at first limited to the largest centres best adapted to immigration, lasted for three years and was only terminated in 1889. But the continual extension of the immigration movement compelled the Government to resume the work for the less important centres also, as it did in 1892.

The regions now considered as suitable for immigration are such as

1st. May be utilised for cultivation or livestock improvement;

2nd. Have an area of over 500,000 *tsubo* (166.66 ha.) (Yet even smaller areas may, in certain cases, be considered as suitable for immigration);

3rd. Have a slope of less than 20°;

4th. Are situated at not more than 200 metres above sea level.

The technical commissions charged to make researches of course do not confine themselves to this work, but study all the conditions of the farms and their situation, so as to be able to decide on scientific grounds whether the land should be granted to immigrants or whether the State should retain the ownership of it. On the termination of their study the Commissions present a report, with a topographic chart of the regions on the scale of 1 in 25,000.

The *Hokkaido* Government then applied the *rectangular system of division*, which we have briefly alluded to in a former article (1) and (2) which we shall now speak a little more at length.

This system is principally as follows. All the lots of land under consideration abut on roads which may be already traced or may as yet be only planned. These roads are generally made to intersect at right angles. On either side of the roads, parallel lines are traced so as to include a nearly square area of 270 hectares. This square is called a large section and is again subdivided into nine smaller squares, each of about 30 hectare.

(1) See *Bulletin of Economic and Social Intelligence*, No. 12 December, 1913.

Each of these intermediate sections is subdivided into 6 equal parts, which consist therefore of about 5 ha. each. These last sections are considered as units of allotments and correspond with the *Quarter Sections* of the system in use in the United States.

Dr. Takaoka writes in this connection :

" While a township in the United States of America and Canada includes 144 farms and an estate in Prussia may be divided into from 20 to 30 *Rentengüller* of 10 to 15 ha. each, by our system of subdivision we may obtain from 300 to 500 small sections forming a commune. In Japan the subdivision is therefore far greater."

In the application of the rectangular system, the following points must also be taken into consideration :

1st. To each commune there must be assigned, if possible, an area of forest land at once for agricultural requirements and for the regulation of the water system, as well as for protection against wind ;

2nd. To each commune there must be assigned a suitable piece of ground for the construction of a village, the public buildings, schools, hospitals, temples etc. (Altogether about 7 ha.).

3rd. Part of the land (about 5 ha.) must be set apart for the cemetery etc.

The above system of colonisation has, it is true, indisputable merits and advantages. But it is a question whether it does not cause an excessive subdivision of land, which will make it materially impossible to maintain the small holdings, as has happened in some regions of Europe. Dr. Takaoka answers this objection declaring that, considering the mode of life of the Japanese farmer who can live on the produce of an area far inferior to that required by the European or American farmer, and considering that, generally, only the eldest son (in some special cases, only the youngest) inherits the real and sometimes even the personal estate, the danger of further subdivision scarcely exists in Japan.

#### (B) Legislation on the Concession of Land.

We have already said that the legislation introduced by the *Kailakush* as far as regards the grant of farms remained in force up to 1886. In that year the *Hokkaido-Chō* modified these laws also and established the following main principles :

1st. Any Japanese may lease State land up to the amount of 100,000 *tsubo* (33.33 ha.), on condition of undertaking to complete its reclamation within ten years ;

2nd. After the reclamation is complete, the tenants may buy the reclaimed land at the rate of 1 *yen* per 1,000 *tsubo* (0.33 ha.)

3rd. The land thus bought is exempt from all taxation for the period of 10 years. (This period of exemption was extended to 20 years in 1889).

4th. The law lays down certain exceptions, allowing of the lease by a single person of even more than 100,000 *tsubo* (33.33 ha.).

This law was in its turn amended, but remained in force up to the end of 1897, when a new law was promulgated, which may be regarded as a landmark of the present agricultural legislation. We shall, therefore, speak more at length of it.

According to the existing law, any Japanese, who desires to engage in farming, forest exploitation or livestock improvement in Hokkaido, may receive on lease or gratis a piece of land, the maximum area of which is fixed at 500 ha., if it is to be worked as a farm, 833.33 ha., if it is to be utilised for livestock improvement, and 666.66 ha., if it is to be cultivated as forest. However, in the case of co-operative and other societies, the maximum limits may be extended to twice those above indicated.

In order to be able to lease more than 100,000 *tsubo* (33.33 ha.), the applicant must show that he possesses not less than 2 yen for every 100 *tsubo* to be leased, if he intends to work the land as a farm or as forest land, and, if he intends to occupy himself with livestock improvement, that he has not less than 7/10ths. of the capital required.

To facilitate immigration the law also makes the following provisions:

1st. Those emigrants shall be preferred who can produce a certificate from the prefect of the province they inhabit, in relation to the object of their emigration, the situation of their finances, their former occupations etc.;

2nd. When more than 20 families intend to emigrate together within a period of not more than 3 years, the State undertakes to keep at the disposal of those who have not yet emigrated a corresponding area of land. When the delay extends to two years, at least half the emigrants who have bound themselves must emigrate in the first year in order to preserve the rights of the rest to the choice of their land: when the delay extends to three years, at least one third of the emigrants must emigrate in the first year.

With these facilitations, granted by the Government to encourage immigration, there correspond duties on the part of the immigrant colonist. These duties consist chiefly in the engagement the Colonist makes to complete the reclamation of the land within a definite period, varying from 10 years according to the area to be reclaimed. For forest exploitation and the reclamation of *genya* (1) this limit is 20 years.

It is logical that the tenant farmers should not be able to dispose freely of the land leased to the State. Only in the five following cases may they, with the authorization of the Governor, mortgage, sell or transfer the land they have leased:

1st. In case of succession or of the inheritance passing to a collateral line;

2nd. In case of the prosecution of the work being prevented through absolute want of funds or other insuperable difficulties;

3rd. In case of change of residence or profession, or in case of sickness making it impossible for the tenant to continue his work;

(1) *Genya*, arid, waste plains.

4th. In case of transfer of the right of lease to tenants by co-operative or other associations on which the right is settled;

5th. In case of the work of reclamation being terminated before the expiration of the term fixed.

When the tenant has finished his work before the expiration of the period assigned, he may become proprietor of the land without paying anything for it. This is an important innovation of the law of 1897, since, all former laws, it was laid down that in any case the tenant, in order to enter upon the definite possession of the land, must pay a certain amount, small it is true, but not insignificant, in view of the very limited sources generally at the disposal of the colonists.

But there are colonists who desire to enter into possession of the land even before the termination of the work; in their case, the State may grant permission to enter into possession of the land already reclaimed of a part of it, always, however, provided that no difficulty derive therefrom for the regular administration of the land. In this case, which is, however, exceptional, it is not allowed to the tenant to enter into possession of an area of less than 5,000 *tsubo* (16.66 ha.).

These then are the principal provisions of the 1897 law, which, as we have had occasion previously to observe, constitute a profound modification of the system of home colonisation in Hokkaido and a great progress.

(C). *Provisions in Favour of and Encouragements to Immigrants.*

The policy of direct protection and subventions granted immediately by the State to the immigrants in Hokkaido had the marked tendency of instilling that spirit of independence and enterprise among the colonists which is one of the best pledges of the security and success of colonisation enterprise. The *Hokkaido-Chō*, therefore, abandoned the system of direct encouragement, adopted by preceding administrations and specially by the *Kaitakushi*, for that of indirect encouragement.

At first, the Government gave assistance directly to the emigrants, or their journey to Yezo, but now, instead of this, it has induced the railway and shipping companies to grant considerable reductions on their charges. In those provinces of old Japan which supply a larger contingent of emigrants to Hokkaido, the *Hokkaido-Chō* has commissariat offices for the facilitation, supervision and direction of emigration to Yezo.

The law of 1897 was later amended by that of April 15th., 1908, which, therefore, left the general principles of the former fundamental law unchanged. Dr. Takaoka observes that in the period between 1886 and 1895, 32 % of the land transferred consisted of grants of over 100,000 *tsubo* (33.33 ha.), which he considered as a serious mistake, in view of the economic conditions of Japanese agriculture. He holds also that the maximum area of the farms allowed by the law is too large, since, in his opinion, a farm of 50 ha. is to be considered a large farm in Hokkaido. These large farms would serve no other purpose than to enable the grantee to sublet them in smaller portions, thus establishing intermediaries whose

profits would be all to the disadvantage of the owners of small and <sup>medium</sup> sized farms. But of this we shall speak hereafter.

#### § 4. RESULTS OF THE HOME COLONISATION OF HOKKAIDO.

This intense and organized work of home colonisation could not remain without results, at first of small importance, but later excellent, owing to the unity of plan and the admirable tenacity with which the local Government of Hokkaido, amply seconded by the Central Government of Tokio, has undertaken and directed it. We shall consider in turn these results under their principal aspects, beginning with :

##### (A) *The Emigration Movement and the Population.*

According to the figures given by Dr. Takaoka, the island of Yezo had, in 1869, not more than 58,500 inhabitants with an average of 9.4 per square *ri* (1) (about 0.62 per sq. km.). In 1880 the population had increased to 223,290, with a density of 2.4 per sq. km. In 1893 the population was more than half a million (559,959) and the density was 4.3 per sq. km. Finally, the most recent statistics at our disposal, published in the Japanese Statistical Yearbook for 1914, referring to January 1st., 1913, give a population of 1,661,700 inhabitants with an average density of 2.0 per square *ri* (about 15.5 per square kilometre). These figures, eloquent enough in themselves, as they show that in forty years the population of this almost desert island has increased tenfold, are completed by the following, showing the emigration movement, which Dr. Grünfeld gives in his important book on Japanese emigration (2).

Year	Immigration to Hokkaido	Emigration from Hokkaido	Annual Increase
1903 . . . . .	44,942	8,738	36,204
1904 . . . . .	50,111	9,027	41,084
1905 . . . . .	58,224	10,395	47,829
1906 . . . . .	66,793	10,092	56,701
1907 . . . . .	79,737	13,457	66,280
1908 . . . . .	80,578	15,578	65,000
1909 . . . . .	63,848	13,799	50,049
1910 . . . . .	58,905	13,925	44,980
1911 . . . . .	61,577	13,723	47,854
1912 . . . . .	61,156	13,963	47,193

(1) 1 sq. *ri* = 15.42 sq. km.

(2) See GRÜNFELD (Dr. E.): *Die Japanische Auswanderung*. Tokio. Hobunsha, 1913. p. 12.

From these figures it is clearly seen that the number of colonists annually leaving Hokkaido to return to Japan proper is still very considerable: this is due to many causes, not the least important of which is the comparative severity of the climate to which the Japanese cannot always adapt themselves, especially those Japanese from the Southern provinces accustomed to mild and temperate or even warm climates.

Dr. Takaoka calculates that in 1904 the Government had still, 2,240,000 hectares of land to cede for reclamation and as he considers that Hokkaido can support, under existing conditions, a population of about 4,000,000, he concludes that, taking into consideration the average annual immigration, if the fertility of the soil remains unvaried, the population of Hokkaido will reach its maximum possible density in about 33 years. If it were desired to give Hokkaido the same density as the rest of the Empire, it could maintain 9,000,000 inhabitants. The Government authorities, however, hold that the island can easily support a population of 6,000,000. It seems, therefore, that Dr. Takaoka's calculations, are not quite exact.

The following tables give some interesting particulars in regard to the professions of the immigrants to and emigrants from Hokkaido.

*Classification of Immigrants to and Emigrants from Hokkaido,  
according to Profession (1909-1912).*

Year	Agriculture	Fisheries	Technical Industries	Commerce	Other Professions	Total
(a) <i>Immigrants.</i>						
909 . . . . .	34,608	3,475	3,149	3,612	19,004	63,848
910 . . . . .	30,771	3,871	2,929	3,171	18,163	58,905
911 . . . . .	35,060	3,869	2,828	3,116	16,704	61,577
912 . . . . .	33,200	5,318	2,705	2,880	17,053	61,156
(b) <i>Emigrants.</i>						
909 . . . . .	4,232	1,246	722	1,174	6,425	13,799
910 . . . . .	4,490	1,446	664	1,080	6,245	13,925
911 . . . . .	3,962	1,517	549	1,046	6,649	13,723
912 . . . . .	3,953	2,934	537	764	6,775	13,963

It follows from these figures, in the first place, that the immigration to Yezo is essentially agricultural and, secondly that the immigrants are, by far the largest numbers, colonists who settle there permanently, or those who return are not more than 11 %. In proportion, the largest contingent of those who return to the country of their origin consists, for obvious reasons, of fishermen, and next of those engaged in commerce, in the proportion of about 30 %.

We shall now go on to consider some figures in relation to the

(B) *Situation of the Reclaimed Farms Leased or Sold to Colonists.*

Let us first of all give the following general data relating to the period between 1909 and 1911,

*Fluctuations in the Situation of Land in Hokkaido between 1909 and 1911.  
(in cho).*

Date	State Land	Property of the Crown	Private Property	Land Dependent on the Social Authorities	Land given by the State to be Reclaimed	Land given by the State not Reclaimed	Other Land	Total
Dec. 1st, 1909 . . . . .	199,053	697,675	1,054,739	219,607	657,882	994,808	5,748,754	9,572,538
1910 . . . . .	199,069	697,682	1,165,039	219,607	531,117	826,307	5,932,897	9,572,538
1911 . . . . .	205,118	697,682	1,461,982	256,534	436,103	961,836	5,553,263	9,572,538

We are not in a position to give further particulars in regard to the land already reclaimed, since figures referring to it are not given in the official Japanese statistics. Indeed, in the Statistical Yearbook published by the Department of Agriculture and Commerce at Tokio in March, 1914, a special note on page 564 states that, in view of the gradual work of transformation of waste land and forests in Hokkaido into cultivated farms, it is not possible to distinguish which areas have been already reclaimed and which have not yet been so at any particular moment: the Yearbook therefore, gives no information on the matter. Dr. Takaoka, in the work already frequently referred to above, however, gives some interesting particulars in regard to the subdivision of the land as a result of the colonisation of the island. The Government authorities distinguish as follows between these farms:

Very Small Farms, of an area of less than . . . . . 5,000 *tsubo* (less than 1.7 ha.).  
Small Farms, " " " between . . . . . 5,000 and 30,000 *tsubo* (1.7- 10 ha).  
Medium Sized Farms " " " . . . . . 30,000 " 300,000 " (10- 100 ha).  
Large Farms, " " " over . . . . . 300,000 *tsubo* (over 100 ha.)

According to Dr. Takaoka's calculations, the farmland of Hokkaido would be divided as follows among the above classes:

	Number of Farms		Area	
	Percentage	Percentage	Percentage	Percentage
Very Small Farms. . . . .	38.9	2.9		
Small Farms . . . . .	54.7	37.1		
Medium Sized Farms . . . . .	5.5	19.7		
Large Farms . . . . .	0.9	40.3		
Total . . . . .	100.0	100.0		

From this it appears that the number of small holdings is the largest, & large farms cover most of the area. But Dr. Takacka holds that, under the special economic conditions of agriculture in Hokkaido, even farms of more than 50 ha. in area may be considered as large: and thus large holdings would occupy an even more important place in the above table, so that it may be affirmed that small and medium sized holdings are far less numerous proportionally in Yezo than, for example, in France and Germany.

The contrary, naturally, may be asserted, in regard to the large holdings. This leads to the disadvantage we have already referred to above, the lease of farms by the large proprietors to small farmers.

Let us in fact consider the figures given in the following table:

*Proportions of Farms in Hokkaido Distributed according to the Method of Farming.*

Year	Farms		
	Entirely Worked by the Owner	Leased	Partly Worked by the Owner
850.	82.58	17.42	—
841.	76.58	23.42	—
850.	51.27	38.50	10.23
901.	52.13	36.93	10.94
912.	51.13	42.78	13.46

Even without considering the figures, referring to periods before 1901, the decrease in the number of farms entirely worked by the owners is remarkable, as is also the increase in those partly worked by the owners. Thus we see that in Hokkaido something similar is taking place to that observed in Japan proper, which we noted in the first part of this study.

#### (C) Systems of Lease.

In view of the daily greater importance assumed by leases in Hokkaido, we think it advisable to make a few remarks on the systems of lease. We may divide them into two classes:

- 1st. Leases for reclamation;
- 2nd. Ordinary leases.

In the first case, the tenant leases the land from the beginning of the work of reclamation. In this case, the lessor has to seek tenants outside of Hokkaido. This is a prudent provision of the law to prevent the landlords (or grantees) taking away each others' tenants. The latter are for the most part very poor people, obliged to look for work in Yezo and are always without the money for their journey. The lessors advance the entire amount for their journey or  $\frac{2}{3}$  rds. of it, according to circumstances. Generally, the area leased is 5 ha., the unit of allotment of each family as we have had occasion to note elsewhere. But not seldom

it varies from a minimum of 3 ha. to a maximum of 10 ha. The lessors generally lend their tenants in money or in kind enough for their sustenance for the whole period from their arrival up to the first harvest: in addition they give them from 5 to 15 yen for the building of the house and purchase of implements and seeds.

Besides this, the lessors pay the tenants an amount varying from between 0.80 yen and 50 yen for every tenth of a hectare for the work of reclamation: on an average, the amount is about 2 yen per tenth of a hectare. The tenants are generally exempted from payment of the lease for three years from the date of termination of the reclamation.

The lease, is, for the first year after this exemption, from 0.80 to 1 yen per every tenth of a hectare and increases in the following years, and in 5 years it is from 1.50 to 2 yen per tenth of a hectare. Sometimes, these leases are higher and even rise to 5  $\frac{1}{2}$  yen, especially, when the land is used for the cultivation of indigo.

The second form of lease is that of the lease of reclaimed land. In this case the lessees receive nothing from the lessor and, on the other hand, pay their rent from the first year. The rent for land temporarily irrigated is paid in cash and varies from 1  $\frac{1}{2}$  yen to 2 yen per tenth of a hectare for ricefields, on the other hand, it is paid in kind and varies from a minimum of 4 to (73 litres) to a maximum of 6 to (110 litres) of rice per tenth of a hectare.

*(To be continued.)*

## NORWAY.

### NATURAL CONDITIONS OF NORWAY IN RELATION TO ITS AGRICULTURAL ORGANISATION.

When it is desired to study the economic and social conditions of a country, it is necessary to examine the external conditions which may have favoured or impeded their inception and development and this is particularly the case when we are dealing with institutions connected with agriculture, the branch of production most dependent on external conditions. Such an examination is more than ever necessary in the case of a country like Norway, where the very peculiar conditions of its geographical position, climate and natural resources can not but have influenced the economic and social organizations of the farmers in a very special degree.

Ample material for study in this connection is offered by a recent publication of Dr. Frost on "Land and Agricultural Organization in Norway", published by the German Imperial Home Office (1). The work consists of five parts: I. Natural Conditions of the Country. II. Agricultural Organization. III. Organization of the Farms. IV. Agricultural Production. V. Agricultural Economy. It is the most recent collection of statistics of which we can avail ourselves for the examination we are now making into the influence of natural circumstances on the economic and social institutions of the Norwegian farmers, before entering on a more detailed study of them.

#### § 1. NATURAL CONDITIONS.

Norway is not one of the countries most suited for agriculture by nature. Situated in the northern regions of Europe it extends for a considerable part of its territory beyond the Arctic Circle. Granite rocks and barren wastes cover almost two thirds of its surface. The high mountains divide to form very narrow valleys with steep walls and *fjords* ringing the whole coast like a series of tortuous corridors into which the

(1) Dr. F. Frost. *Agrarverfassung und Landwirtschaft in Norwegen. Berichte über Landwirtschaft, herausg. in Reichsamt des Innern. Heft 31.* Berlin, Verlagsbuchhandlung Paul Parey, 1913.

sea enters for tens and hundreds of kilometres. Between the awful walls of rock and the sea, on small tracts of land we find the dwellings of man and the fields cultivated by him; at greater heights forests and mountain pastures, only for a few months of the year without their white mantles of snow; then the desert.

The total area of Norway is 322,605 sq. km., divided as follows:

	sq. km.	%
Barren Mountain . . . . .	191,067	59.2
Arms of the Sea. . . . .	12,407	3.8
Snow and Ice. . . . .	5,045	1.6
Marshes. . . . .	12,000	3.7
Mountain Pastures. . . . .	24,450	7.6
Cities. . . . .	249	0.1
Forests . . . . .	68,179	21.1
Arable and Meadow Land. . .	9,208	2.9
	322,605	100.0

The area of the land fit for cultivation is therefore very small. It would, however, be still less if it were not that provident nature has favoured Norway in a special way which permits of cultivation being extended even to the most northern part of the country and forces back the desolate realm of ice for ten degrees of latitude. This life giving miracle is accomplished by the Gulf Stream which comes from the tropics, bringing with it the beneficent effects of the sun's heat to a country not so well provided with warmth and girds the whole coast with a warm belt. From the water the warmth rises into the air, making the temperature even in winter comparatively mild, and thus rendering possible the cultivation of the soil and the improvement of livestock. But not only in this way does the Gulf Stream favour the existence of man in Norway. It has formed a belt round the country, which is one of the regions best supplied with fish in the world, both on account of the extraordinary abundance of food contained in its waters and because the warmth of the water favours reproduction and the fecondation of the eggs.

The sea thus provides the Norwegian farmer with a precious supplement to the produce of the land, especially where the latter might not otherwise suffice: but it also frequently forms the only means of communication he has with the rest of the world, from which he is separated by inaccessible rocks or by deserts of ice.

All these reasons explain how, in spite of natural difficulties, agriculture is the chief and most important occupation of the Norwegian people. In fact, the percentages of the professions are approximately as follows:

Agriculture, Livestock Improvement, Forestry . . . . .	35 %
Fishing . . . . .	7 %
Mining and Manufactures . . . . .	26 %
Commerce . . . . .	14 %
Liberal Professions . . . . .	5 %
Landed Proprietors etc. . . . .	13 %
	100 %

In order the better to show the importance of agriculture among the Norwegian professions, let us add that most of the fishermen, artisans etc. are at the same time also farmers.

## § 2. LARGE AND SMALL HOLDINGS.

The scarcity of arable land and the subdivision of this into tracts of no great size often interrupted by considerable or insurmountable obstacles are the natural causes rendering Norway the country least adapted to large landed estates. Such estates, therefore, which it is only possible in a few cases to round off, if they were able to exist as an artificial product at certain historical moments, — especially under the Danish rule, when the land came to be held by the aristocracy and the high officials — could not resist the effects of time and the irreducible aversion of a whole independent population of farmers. Nowadays in Norway small or minute holdings incontestably prevail. The agricultural holdings registered in the cadastre may be classified as follows according to area (100): (1)

(1) The Norwegian statistics of landed property make a distinction between holdings registered in the cadastre and those not so registered. In the latter category are included small gardens, kitchen gardens, or workmen's lots, which cannot be considered as farms. The holdings registered in the cadastre in 1907 were altogether 100,214.

Taking no account of parcels of arable land of less than 2 ha., which in view of local conditions cannot be held of sufficient size alone to assure the farmer of the means of subsistence, we see that the largest number of holdings are between 2 and 50 ha. in size; these in Norway are small farms. As soon as we have passed this limit the proportional numbers fall very rapidly and the number is indeed very small in the case of those of more than 100 ha.

Norway is thus, as Dr. Frost says, "the land of free agricultural holdings". This is due both to the formation of the soil already mentioned, which causes the arable areas to be cut up in every way, and to the natural disposition and long tradition of the inhabitants. The farmer accustomed to live in almost constant solitude in the fiords and on the islands, separated by sea and mountains from the rest of humanity, has acquired, almost as a second nature, an undaunted spirit of liberty and a markedly individualistic character. This character is indeed necessary for the existence of persons compelled to depend entirely on the means nature places immediately at their disposal. The system of exchange that has profoundly modified the agricultural economy of the world has left the conditions of most of the Norwegian farmers almost unaltered. Except round about the larger cities where communication by land and sea is easier and more rapid, most of the agricultural population live far both from the local markets and from the large centres of industrial production and consumption. The distances can only be overcome with enormous difficulty in a country which, with a total area of 322,987 sq. kms. has a length from North to South of 1,800 km. but a coast line really of 17,000 km., owing to the immense amount of indentation due to the fiords. To this must be added the multitude of islands, large and small, in all about 150,000.

The construction, therefore, of railway lines and the establishment of frequent communication by sea, if, on the one hand, it represents a necessity, on the other, is impeded by difficulties, often insurmountable owing to the nature of the localities and the want of such economic conveniences as would justify the enormous expenditure for plant and working. Norway, in spite of most admirable and continual efforts made, and the enormous expenditure supported, is the country of Europe with relatively the fewest railways in proportion to its area. (1)

For this reason, agricultural economy in Norway has remained for the most part in the position of a natural economy. What is produced by the farm is largely consumed on the farm. In many places, exportation of the produce is not at all advisable owing to the difficulties of transport: the same is the case with regard to purchase of foreign goods. The *gaard* (farm) is therefore the citadel of the small Norwegian landholder, where he lives his life half isolated from the rest of the world. The *gaard* must suffice to provide directly for most of the farmer's needs. If, how-

(1) In 1908-09, the total length of the railways, was 2,317 km., or 8.8 km. of rail to every square km. (Russia has 11.7, Sweden 27.7, Denmark 56.3, Germany 103.9, Belgium 154.4 kms. of rail per sq. km. of area).

er, the arable land at his disposal is excessively limited, he supplements his supplies with what is yielded to him by the sea with its abundance of fish, and the mountain with its forests and grazing grounds.

In connection with almost every holding there is a stretch of forest or pasture land; the latter either as the private property of the owner or as collective pasture land in which he has a right. These grazing grounds consist of mountain tracts that cannot be cultivated in any other way and are covered with snow during the greater part of the year; thither the farmers send their livestock in the summer months, so that they can save the valuable cattle foods produced on the farm and keep a larger number of head of livestock than they otherwise could. The rights in the collective grazing ground are in proportion to the size of the farm; since it is not possible to keep on it a larger quantity of animals than the cattle food produced on the farm itself could suffice to feed in the winter, as purchase of cattle foods is not usually advisable. So that the right comes to be automatically regulated.

The system of natural economy which reduces the frequency of interchange and in many places gives greater value to the immediate produce of the soil than to money, and, on the other hand, the desire for independence, and for the possession of a piece of land, even if small, justify the existence of the class of *Husmaend*, (now unfortunately in continual decrease). These are farm labourers who receive from a proprietor as base rent a piece of land for their lives or for a certain number of years; in return they must work on the proprietor's farm for a fixed number of days, besides engaging to work for wages (generally at a very low rate) whenever necessary. Causes of various kinds have led to a constant decrease in the number of *Husmaend*. Therefore, the State is now endeavouring to substitute them by a class of agricultural labourers each in possession of a house and a small piece of ground, thus seeking to check the rural exodus and to provide agriculture with a sure and permanent supply of labour. This is to a large extent the object of the laws on *home colonisation* of 1894, 1896 and 1912, and the foundation of the "Norske Arbeiderbrug-og Boligbank" (Norwegian Bank for Labourers' Holdings and Dwelling Houses). The loans issued by this bank, called *Brukstaan*, principally provide rural labourers with the means for purchasing small holdings.

#### § 3. PRESERVATION OF SMALL HOLDINGS: PRINCIPLE OF UNDIVIDED TRANSFER AND THE RIGHT OF REDEMPTION OF THE HOMESTEAD.

The small size of the Norwegian farms, due to the natural conditions above described, carries with it the danger of an almost immediate subdivision of the land through sale or inheritance. For the protection of small holdings there have therefore existed for centuries two special legal institutions: that of undivided transfer (*Aasaderet*) and the right of redemption of the homestead (*Odelsret*), now regulated by the laws of October 28th, 1857 and May 9th, 1863.

The *Aasaderet* or principle of undivided transfer corresponds <sup>more</sup> or less with the "Anerbenrecht" in German law (1). It is the right of the nearest relation of the previous proprietor to enter into possession of his holding without dividing it among the co-heirs. The rights of the latter are satisfied by the principal heir paying an amount equal to the value of the farm which may be fixed by the last owner in his will or else by experts. In either case, the estimated value is generally lower than the real value so as to facilitate the payment of the co-heirs' portions by the principal heir. When he is not in a position to make such payment at the moment of his entering into possession, he guarantees the rights of the co-heirs by means of mortgages on his farm.

The defence of the homestead is carried even further by means of the *Odelsret* or right of the seller's family to redeem the holding. This right, however, is only enjoyed when the holding has been for more than twenty years uninterruptedly in the possession of the same owner, the owner's consort or direct descendants. The right is lost by prescription when the holding has been for more than three years in the hands of outsiders.

Thus, while the *Aasaderet* saves the holding from inevitable reduction into minute fractions through division among heirs, the *Odelsret* prevents it definitely passing out of the hands of the family. These institutions, based on the Germanic conception of the holding as an inalienable and indivisible homestead, find a justification for their existence today in the need Norway has of preserving its small agricultural holdings and thus maintaining the proportion of farms required for a proper system of economy and preventing a purely capitalistic system from destroying the attachment of a class of farmers to the soil which long tradition has made dear to them.

The tendency of Norwegian legislation to preserve the small farm and eliminate elements opposed to them is shown in a characteristic way by the fact that, while institutions of private law favourable to them have been preserved and extended, similar institutions and privileges by which the large holdings benefited have been abolished. Norway was one of the first countries in Europe to forbid the formation of entails and arrangements preventing the free sale of large landed estates. Already in 1685 a Royal Order was issued by which all who had more than one farm had to pay a double tax on the farms they were not able to cultivate themselves. A natural consequence of the principle of undivided transfer is that when the farm is not large enough to be divided, the co-heirs must seek for their means of subsistence elsewhere: this is the more necessary owing to the generally large number of children in Norwegian agricultural families. In this way, Norway supplies a large contingent of excellent colonists to the younger countries, very much appreciated on account of the strength and resistance of their race and because they have been habituated

(1) With regard to this, see *Bulletin of Economic and Social Intelligence*, December, 1922.

uated by a climate not over generous to an iron discipline of their wills and their work.

#### § 4. THE CONDITIONS OF ENVIRONMENT IN RESPECT TO THE AGRICULTURAL ASSOCIATIONS AND CO-OPERATIVE SOCIETIES.

The markedly individualistic spirit of the Norwegian farmer, to which reference has been repeatedly made, the way the farms are scattered, the difficulties in the way of communication and the comparative scarcity of exchange are reasons explaining how far the associations and organizations of economic character are from having reached the same degree of progress as amongst other nations of Teutonic and especially of Scandinavian race.

The most serious difficulty in the way of Norwegian co-operation is certainly that of the means of transport which hinders the concentration and the preservation of produce, even of such as is not most perishable. Dr. Frost gives a characteristic instance of the difficulties the farmers meet with in the despatch of their produce: "A peasant living in a *fjord* near Aalesund gave an account of how he had to forward his livestock: shipping by the local line of navigation to Aalesund; thence transhipping for Trondhjem; thence by narrow gauge railway line to Hamar; from Hamar in an ordinary railway truck to Christiania; from the station of Christiania in a special cattle car to the market, where the animals arrive in wretched condition." Many farmers are even in still worse case, especially when they live on islands or at points of the coast not touched by lines of navigation.

In Norway, therefore, the trade in agricultural produce is very limited: far less important, however, is co-operation for sale purposes, which has not even attained the importance it might have, had not the native obstinacy of the small Norwegian farmers been opposed to it. In Norway there are now only three co-operative slaughterhouses and 600 co-operative dairies and butter factories, of which only a very small number are united in six small exporting federations. The co-operative sale of eggs, and of the produce of domestic industries is only in its beginnings. The co-operative societies for purchase of farm requisites have made greater progress, as these are articles that can travel with less risk of deterioration. At present there are a thousand such societies united in four central federations at Christiania, Trondhjem, Bergen and Stavanger.

The associations are far fewer than the co-operative societies; admirable, especially in view of the difficulties it has encountered, has been the work of the "Selskap for Norges Vel" (Society for the Welfare of Norway), in which 18 provincial and 8 other societies are associated. We shall finally mention the "Norsk Landmansförbund" (Norwegian Farmers' Federation), founded in 1896, with 15,000 members to-day.

## § 5. PASTORAL NOMADS.

In the study of the relations between the natural conditions and agricultural organisation in Norway we must not overlook a fact of great importance, both from the economic and social point of view: the existence of pastoral nomads among the Lapps of Northern Norway. In fact the local and climatic conditions justify this form of farming, which, in the rest of Europe has disappeared before the more advanced systems of livestock improvement and the evolution of civil life, as it is "the best and most reasonable system" (Frost) that can exist be in these regions.

To the form of farming in use and the needs of the farm, the family institutes are adapted, assuming a specially marked character in the system of property and the transfer of it; thus even the relations between the different families in the group assume a special nature.

With regard to the natural conditions to which this is due, Dr. Frost describes them as follows: "When we have passed the Arctic Circle in Scandinavia, agriculture is confined to areas of continually smaller size. For miles and miles together the soil is bare. Only the warmer valleys are covered with forest and only where the sun appears more frequently the grass and flowers of the meadows grow. But the greater part of the land consists of rocks and stones or is covered with marshes, or buried under eternal ice and snow."

The winter begins in October, sometimes even in September. Snow falls in abundance, the water freezes; every sign of life and vegetation ceases. The days become shorter and shorter and end in a night only interrupted by a glimpse of light for an hour or two a day. At the end of December the thermometer falls below 40° C. below zero.

Spring only commences in May; but on the other hand its effects are felt very rapidly. Its kindly presence dissolves the snow and revives the meadows and the trees to marvellous fertility. The end of June and the beginning of July is the height of Summer; the sun then never sets, as if it wished to make up to the earth for its long absence.

These are the conditions of environment in which the Lapps live. Not all the members of the race are pastoral nomads: the latter are about 10,000 (out of an approximate total of 30,000), of whom about 7,000 live in Norway and 3,000 in Sweden.

The only kind of livestock improved by the pastoral nomads is the reindeer, which is also the only animal that can be bred under these local and climatic conditions. From the reindeer the nomadic Lapps derive their means of subsistence: meat, milk and the skins out of which they make their clothes and shoes.

The reindeer is the determining cause of the nomadism of the Lapp herdsmen. Its passage from the wild to the domestic state has never been complete. Therefore it is ill adapted to the systems of improvement adopted in the case of other animals, to being long enclosed in

tables and above all to preserved food. It requires to select its own food in natural meadows as when in its wild state.

This is why the Lapp herdsmen have to move from place to place in search of pastures.

They travel in groups of from 5 to 10 families taking with them their carts, their provisions and their flocks. They set up their tents together, and the reindeer together to feed and watch them in turn. At the beginning of Spring they approach the sea where they encamp either on the southern mountain slopes or in the islands. At the beginning of winter they return to the interior. Here they pitch their tents in a valley if possible protected against the extremes of the weather and let the reindeer seek for themselves for moss and lichens under the snow in which they dig with their flattened horns. So the winter passes; at the beginning of spring, the first sun melts the surface snow and there forms a crust of ice the reindeer cannot break with their horns. Then the emigration towards the sea begins again.

Also the grazing grounds have to be changed: the moss and lichens that form the winter pasture grow only very slowly: it takes several years for a grazing ground to be reconstituted.

For these reasons, although the question of attaching the Lapps to the soil is now being much discussed in the Scandinavian countries, most people hold that it cannot be solved, except by sacrificing the existence of the reindeer, which are of considerable value to the country, and these ways of life and farming, although primitive and antiquated are not to be combated, because they alone meet the conditions of the country.

NOTICES OF SOME RECENT PUBLICATIONS RELATING  
TO AGRICULTURAL ECONOMY IN GENERAL.

BELGIUM.

JANSSEN DE BISTHoven: *QUELQUES ASPECTS DE LA QUESTION AGRICOLE (Some Aspects of the Agricultural Question)*. Bruges, 1914. Printed by L. de Planck. In French and Flemish, 31 and 32 pp.

This short pamphlet published in two languages, includes the speech delivered by the author, the Governor of West Flanders, during the session of the Council of the Province. The author deals rapidly with the principal problems in connection with Belgian agriculture, especially those relating to the grain trade, the cost of living, the intervention of the authorities in the improvement of agriculture etc. We note as especially interesting the table on page 19 (French text) showing the fluctuations in agricultural wages between 1900 and 1912 in the various parts of Belgium. This table is of great importance, not merely for the particulars contained in it but also because it is an original document drafted by the Provincial Agricultural Commission, at the request of the author.

From the table we see that agricultural wages increased considerably in Belgium between 1900 and 1912. In fact, in 1900, the average daily wages of labouring men in the various agricultural districts were 0.61 fr. with their board and 1.70 frs. without, and those of women labourers 0.57 fr. with board and 1.13 frs. without. In 1912, these average wages had increased to 1.45 frs. and 2.32 frs. respectively for men and 0.93 fr. and 1.68 fr. for women.

COLUMBIA.

ROYER (RENÉ): *LA COLOMBIE ÉCONOMIQUE (Economic Colombia)* Librairie de la Société: Recueil Sirey, Paris, 1914. 16mo. XVI + 444 pp.

In this remarkable work, the author, after sketching the history of the rich *Eldorado* from the date of its colonisation by the Spaniards, studies all the economic manifestations of modern Columbia in detail. In the chapters of this book we find much complete information on the geographical and economic situation of the country, its climate, population

and the immigration thither, its means of communication, its agricultural and mining wealth, its industry and commerce, its financial situation and the action of the State in reference to public education and colonization.

The author terminates his important work with a few remarks on Panama, the Panama Canal and its influence on the economic situation and future of Colombia.

#### ECUADOR.

NOCK (C. REGINALD). *ECUADOR*. London, 1914. T. Fisher Unwin. 16mo. 376 pp.

In this book an account is given of the ancient and modern history of Ecuador, its wealth and its social and industrial progress.

The author gives special importance to the historical portion and deals at length with the ancient kingdom of Quito, the dominion of the Incas, the coming of the Spaniards, the work done by them etc. He then describes the political and social organization of the modern Republic.

In the chapters devoted to the agricultural wealth, the author gives abundant information in regard to the crops cultivated and the production. We find also in this remarkable work interesting information in relation to mines, industries, means of communication, commerce and finance.

#### UNITED STATES.

*A HANDBOOK OF LOUISIANA*. Louisiana State Board of Agriculture and Immigration. Baton Rouge (Not Dated). Pamphlet. 280 pp.

This is a profusely illustrated hand book of nearly three hundred pages in which the attractions of Louisiana are temptingly displayed for the information of the "home-seeker". The agricultural possibilities of the State are dealt with very fully. There are chapters dealing with Dairy Farming, Fruit Growing, Cotton, Rice, Sugar Cane, Forestry, etc; but the book contains in addition much statistical and other data relating to Climate, Rivers and Water Courses, Railways, Roads, Education, Government and, in a word, the whole economic organisation of the State of Louisiana. A short sketch of the interesting history of Louisiana forms an introduction to the volume.

## GREAT BRITAIN AND IRELAND.

COLLINGS (R. HONBLE JESSE), M. P.; **THE COLONIZATION OF RURAL BRITAIN.** 2 Vols. 8<sup>o</sup>, 52 pages, illustrated London, 1914. The Rural World Publishing Co. Ltd.

The author has long been a consistent advocate of the multiplication of small holdings to be owned by their occupiers. The book is written throughout with the main idea of advocating the several proposals of the Rural League, of which the author is President and chief inspirer. The author argues, from a national as well as from a purely rural point of view, the danger of the excessive emigration which has recently taken place from England and Wales. The programme of the Rural League in the author's opinion is able completely to regenerate British rural life. The several proposals embodied in some six distinct Bills, are considered in detail. These Bills provide for extending facilities for the State-aided purchase of their holdings by tenant farmers, the purchase in certain cases by the Board of Agriculture of land for resale on the same State-aided purchase principle, and an advance by County Councils of part of the purchase money to small holders under them for the same purpose. The proposals as to other matters are also embodied in Bills, and these include the more adequate provision of agricultural and horticultural education in rural districts, the facilitation by means of State advances of the erection of rural cottages, the encouragement of rural credit banks, similar in principle to those of the Raffaisen system, as well as the provision by the State of other agricultural loans on easy terms. The author also deals with the effects of the excessive presentation of game, the relief of agricultural land from excessive taxation, the importance of English agriculture being able to supply many more of the demands of the home market. He discusses, also, the various rival policies of land reform.

## ITALY.

BACCHI (RICCARDO): **L'ITALIA ECONOMICA NEL 1913. ANNUARIO DELLA VITA ECONOMICA INDUSTRIALE, AGRARIA, BANCARIA, FINANZIARIA E DELLA POLITICA ECONOMICA.** (For the *Italy in 1913, Yearbook of Economic, Industrial, Agricultural, Banking, Financial and Political Economic Life*). 5th Year. Città di Castello. Published by S. Lapi. XV-313 pp.

This Yearbook, published under the auspices of the Committee of Direction of the *Riforma Sociale*, deserves special mention for the many interesting particulars it contains, as well as for the remarkable commentaries

upon them. All the principal problems of the economic life of modern Italy are treated here, including that of municipal politics, which is of such importance and so urgent to day. (Ch. XIII). At the end of the book there is a bibliography of social and economic literature relating to Italy and a concise and interesting study of the main lines on which the progress of modern Italian economics proceeds. This last chapter, perhaps the most original in the book, deserves especially to be mentioned.

The author considers that the rhythmical alternation of the periods of economic prosperity and depression seems to be slower in Italy than in other countries where the economic life is more intense. The "rhythmic period" would seem to be nearly 20 years. Thus, after the period of ascension, 1881-1887, there began the crisis of 1888, the occasional cause of which was the commercial rupture with France. The crisis culminated in 1893-94, and it was only in 1898, ten years after the change of conjuncture that the new ascendant movement began, culminating in a period of economic prosperity about 1908-09. However, the ascendant phase presented itself very variously in the different parts of Italy and in the different branches of economic life; later events have shown, according to the author, the extent to which the indications of prosperity in Italy were over estimated, and how artificial was the prosperity that so rapidly made its appearance.

The author thoroughly examines the causes leading to the new change of conjuncture and devotes a short study to their effects. These gave rise to that general feeling of dissatisfaction, which went on increasing up to 1913, when (as in 1893) we might say there was a real crisis. However, his conclusions are not entirely pessimistic. It is possible, he writes, that a shorter period of quiescence may correspond with a greater reinvigoration of the economic organism, in spite of the manifold uncertain and obscure factors of the moment. As the present problems of national economy now attract the attention of the public in a greater degree than in the past, we may hope that in the next phase, which will have special importance, the economic activity of the country will be directed more conformably with the general interests.

#### PORtUGAL.

DE CAMPOS (EZEQUIEL): *A CONSERVAÇÃO DA RIQUEZA NACIONAL (The Preservation of the National Wealth)*. Porto, 1914. Printed by A. J. da Silva Teixeira's Successor. 16mo. 748 pp.

In this work the elements of the national wealth of Portugal are studied, and all the means adopted or proposed for its development and preservation are indicated. The problems connected with the population

and its migrations, mining and the industries connected with it, agriculture, forestry and the hydrographic system, are dealt with in its chapters, with a great abundance of statistics by an evidently competent authority.

## ROUMANIA.

GHITESCU (Dr. JONE): *AGRARFRAGE UND GENOSSENSCHAFTSWESEN IN RUMÄNIEN. (The Land Question and Co-operation in Roumania)*. Dissertation. Göttingen, 1913. Druck der Universitäts. Buchdruckerei von E. a. Huth, 54 pp.

The author divides his study into two parts. In the first he deals with the land question generally and in the second with co-operation. After giving a detailed description of the agricultural situation in Roumania, the distribution of landed property and the condition of the agricultural classes, the author studies the successive land reforms, beginning with the "Organic Reform" and then examining the land law of 1867 and the reform of 1907.

This latter reform was considered in detail in the number of this Bulletin for May 1914.

In the portion relating to co-operation, the author deals principally with the credit co-operative societies (people's banks), the collective farms and the co-operative distributive societies. He has especially given his attention to the development of credit co-operative societies and has furnished fewer details in regard to the other classes of co-operative societies.

The information he supplies refers to 1910 and consequently is a little too old, for, as we have had occasion to point out in the article published in this Bulletin in July, 1914, entitled: "Collective Farms and Co-operative Credit Societies", the *Statistical Bulletin of Roumania* and the *Year-book of the Roumanian People's Banks* for 1913 have published detailed statistics for the whole of 1912.

## RUSSIA.

Ежегодникъ Отдѣла земельныхъ улучшений Главнаго Управления земѣ-  
устройства и земледѣлія. (Yearbook for the Division for Land Improvement in the  
General Department for Agriculture and Land Organization). Saint Petersburg, 1913.  
Printed by Kirschbaum, 4to: pp. LXXI - 730, with 5 maps, 23 plans and 150 illustrations.

The Land Improvement Division at the Agricultural Department has been comparatively recently founded for the purpose of directing the work of land improvement, especially of such land as is destined for home colon-

ation. Its increasing importance is seen from the successive increases in the amount of its expenditure. In 1909, this was only 1,338,189 roubles (3,500,000 frs). The next year it had increased to 2,362,167 roubles, rising again to 4,590,338 roubles in 1911 and finally to 6,894,536 roubles (more than 18,000,000 frs.) in 1912. These sums alone suffice to show the importance of the Yearbook of this new institution. We shall return to this subject at a future date. Let us for the moment only say that the Yearbook contains in the first place a succinct but very clear account of the improvement works carried out during 1912. There follow on these a series of thirteen studies with full details on each of the most important questions within the competence of the Division. We find for example, a series of reports on the hydrographic work carried out or to be carried out in the Caucasus, Turkestan etc, a report on the draining of marshes, a matter of such importance in Russia, a study on the legislative measures for the encouragement of rural improvement works etc.

Let us finally note that schedule No II, published with the yearbook is a complete bibliography of the publications of the Division, many of them not on the market and, consequently, often unknown, even by name, to those interested in the considerable work of improvement of land in Russia.

Бюлл. переселенческого дѣла на Кавказѣ за пятьлѣтие 1898—1912. (*Home Colonisation in the Caucasus in the Years from 1908 to 1912*). Published by the Home Colonisation Division of the General Department of Agriculture and Land Organization. Saint Petersburg, 1913. Large 4to. pp. 49 with maps and illustrations.

One of the most serious questions in connection with the land reform now being carried out in Russia is without dispute that of obtaining arable land for the peasants who have not any. By way of a solution of the problem, the Government bought vast areas of land in Russia, for cession to peasants on favourable conditions. Then, these measures being insufficient, immense and fertile areas as yet uncultivated, in Siberia and the Caucasus, have been placed at the disposal of those who had no land, not without these areas being first "prepared" for effective colonisation, both by their division into regular lots and by the facilitation of access to them by means of road construction and their cultivation being made easier by the digging of canals and wells, founding of medical, postal and agronomic stations, and building of churches and schools.

A special division was founded at the General Department of Agriculture and Land Organization with a view to the accomplishment of this preparatory work and the suitable colonisation of the land so "prepared". It is the official report of this Division in regard to the Colonisation of the Caucasus with which we are here concerned.

As we intend to treat this interesting subject more fully in one of the future numbers of our Bulletin we shall now confine ourselves to drawing

the reader's attention to this publication of the Colonisation Division, only adding, to show the importance of the work accomplished, that in the five years' period here considered, the division has succeeded in preparing for colonisation, and partly in colonising, 437,378 déciatines of arable land, (481,115 ha.), subdivided into no less than 63,097 lots for as many colonists' families. Two hundred and forty kilometres of roads have been constructed to give access to these areas, on which the Division has established sixty medical stations (9 of them under the direction of doctors and 51 under that of health officers), and spent 65,000 roubles on the building of churches and 175,999 roubles on the building of schools.

## SWEDEN.

KALENDER ÖFVER SVENSKA LANDBRUKET. (*Swedish Agricultural Calendar*). Year 1914. Published by order of the Royal Department of Agriculture, by E. Elgenstierna, Stockholm, Nordstedt and Son, 1914. 8vo. 278 pp.

This excellent work, now in its sixth year, is not really a calendar. It is first of all a complete list of all the institutions, both official and private that in any way are connected with Swedish agriculture.

One of the most interesting parts of the work is without doubt that relating to agricultural co-operation. As we intend to return to this subject at a later date, we shall now limit ourselves to a few summary remarks. We know that up to the present there are no statistics on agricultural co-operation in Sweden. The "calender" to some degree fills this regrettable gap, by giving a complete list of the agricultural co-operative societies of the country. Let us observe that this list includes both the societies officially registered and those that have not judged it necessary to register. This fact is of the greater importance as the Official Statistics in contemplation will only consider legally registered societies, absolutely ignoring the rest. To show the importance of this matter it will be sufficient to say that, for example, among the hundreds of co-operative horned cattle improvement societies in Sweden, *there is only one* that has thought fit to register itself.

The information provided by the "calender" on the subject of the various associations includes generally the names of the societies, the date of their foundation, their head quarters, the names of their presidents, the numbers of their members, the amounts of the annual subscriptions, and of the business done in the preceding year.

STATISTIK ÅRSBOK FÖR SVERIGE (*Swedish Statistical Yearbook*) 1st. Year, Published by the Central Statistical Bureau. Stockholm. Nordstedt and Son. 1914. 8vo. 289 pp.

Since 1870, the first number of the "Swedish Statistical Review" has always contained an "Official Summary of Swedish Statistics, which for

the general public at least, was the principal source of information in regard to the official statistics. Although the volume of this annual number constantly increased from 68 pages in 1870 to 183 in 1913, yet it did not correspond to what we have a right to expect to-day from a statistical annual. On the other hand, the necessary limited scale of the "Statistical Review" did not permit of any further increase in the volume of the annual number. Finally, the data given in it could not be utilised in foreign countries to the extent desired, as apart from the table of contents which was in French, the Swedish language was exclusively used.

For this reason, the Statistical Committee, instituted by the Government on January 20th., 1905, proposed in a report, dated September 7th., 1910, to suppress the "Statistical Review" as well as the "Official Summary of Statistics" and substitute them by a Statistical Annual of ampler proportions with the headings of the tables in two languages, Swedish and French. The proposal of the Committee, approved by the King on January 13th., 1912 was accepted the same year by the Riksdag without opposition.

Thus, for the first time, the Swedish Statistical Yearbook has appeared. It has fifteen divisions. Area of the country, Population, Public Health, Agriculture, Industry, Commerce and Navigation, Communications, Societies Limited by Shares, Banks and Insurance Societies, Social Statistics, Public Assistance, Justice and Prisons, Education, Elections, Finance and finally, Miscellaneous Statistics for every Commune of the Kingdom. In other words, the Yearbook fully meets the most stringent requirements.

Let us add that it is announced in the preface that, owing to the short time available, it has not been possible to make the first volume quite as complete as is desired, and it is promised that the volumes published in future years will be appreciably more complete.



